City of Rockville Pension Fund

Analysis of Investment Performance through December 31, 2008



George Kiriakos Vice President

February 2009

Copyright © 2009 by Segal Advisors, Inc.
All rights reserved



One Park Avenue New York, NY 10016-5895
T 212.251.5219 F 212.251.5290 www.segaladvisors.com

George Kiriakos
Vice President
GKiriakos@Segaladvisors.com

February 24, 2009

City of Rockville Pension Fund 111 Maryland Avenue Rockville, MD 20854

Dear Board of Trustees:

This report presents our updated analysis of the City of Rockville Pension Fund's investment performance and traces the growth of assets through December 31, 2008. It is based on data provided to us by your custodian and the various investment managers. The report illustrates the investment performance of the overall Fund and also shows results by asset class and by individual manager in comparison with the various performance benchmarks defined in the Fund's statement of guidelines and objectives.

We hope you find this report useful as a tool for monitoring the performance of the Fund as well as a basis for discussion of the investment issues surrounding the investment program. We look forward to reviewing this report with you and answering any questions you may have.

Sincerely,

George Kiriakos Vice President

Table Of Contents

<u>Š</u>	section
Financial Market Conditions	1
Overview	2
Total Fund	3
Investment Manager Performance	4

This performance report ("Report") is based upon information obtained by Segal Advisors, Inc. ("SA") from third parties over which SA does not exercise any control. Although the information collected by SA is believed to be reliable, SA cannot verify or guarantee the accuracy or validity of such information or the uniformity of the manner in which such information was prepared. The rates of return reflected herein are time weighted and geometrically linked on a monthly basis using a modified Dietz method. Monthly valuations and returns are calculated based on the assumptions that all transactions and prices are accurate from the custodian and /or investment manager. The client to whom Segal Advisors delivers this Report ("Client") agrees and acknowledges that this Report has been prepared solely for the benefit of Client. SA disclaims any and all liability that may arise in connection with Client's conveyance (whether or not consented to by SA) of the this Report (in whole or in part) to any third party. Client further agrees and acknowledges that SA shall have no indicative of such investment manager is not indicative of such investment manager's future performance. This Report does not constitute an offer or a solicitation of an offer for the purchase or sale of any security nor is it an endorsement of any custodian, investment and/or investment manager.



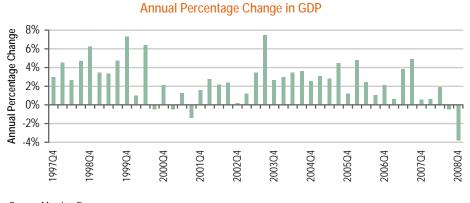
Financial Market Conditions: Review of Fourth Quarter 2008

The Economy: Key Indicators

Page 1 and page 2 focus on Segal Advisors' commentary on select economic indicators for fourth quarter (Q4) 2008.

GDP Growth Negative

As shown in the adjacent graph, Q4 2008 GDP declined at a 3.8 percent annualized rate, which was much better than the consensus expectation of a 5.4 percent drop. Still, this was the biggest contraction of the economy since the first quarter of 1982. GDP for Q3 2008 was revised lower from -0.25 percent to -0.51 percent. Both consumer spending and investments in business and housing fell significantly from Q3 2008.



Source: Moody's Economy.com

Inflation Decreases





In December, the headline consumer price index (CPI) declined for the fifth consecutive month, which led to a year-ago percentage change of -0.1 percent as of December 31, 2008. The core index, which excludes food and energy prices, remained level during December and increased by 1.7 percent on a year-over-year basis as of the end of Q4 2008. The negative year-over-year percentage change in headline CPI, the first since 1955, illustrates the risk of deflation caused by the current economic environment.

Source: Moody's Economy.com

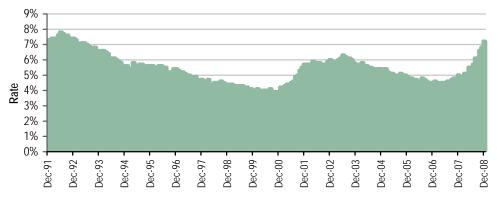
Fed Funds Target Rate

During Q4 2008, the Federal Reserve cut the federal funds target rate three times, from 2 percent to a range of 0-0.25 percent (50 bps on October 8th, another 50 bps on October 29th, and 75-100 bps on December 16th) and signaled that it will purchase troubled assets as its primary tool to ease the credit crunch and jolt the economy out of recession. In an expanded post-Federal Open Market Committee meeting policy statement, Fed officials stated that the economy has deteriorated across the board. As a result, they will "employ all available tools to promote the resumption of sustainable economic growth and to preserve price stability." The adjacent graph shows the fed funds target rate since 1991.



Source: Federal Reserve Board

Labor Market Contraction and the Unemployment Rate



The unemployment rate rose above 7 percent in December for the first time since the early 1990's, while the rates for the prior two months were revised higher—to 6.8 percent for November and 6.6 percent for October. Payroll employment declined by 524,000 jobs in December, slightly more than expected. Job losses for November and October were much greater than the preliminary data had indicated as well; an additional 154,000 jobs were subtracted from the total in those months. As a result, 1.5 million jobs were lost during the fourth quarter. Over the course of 2008, payrolls shrank by 2.59 million jobs. The adjacent graph shows the unemployment rate since 1991.

Source: Bureau of Labor Statistics

Investment Performance: Selected Rates of Return

This page presents rates of return for selected equity, fixed income, and other indices. The graphs illustrate calendar returns as of 12/31/2008. The tables of data show returns for the latest quarter, year-to-date (YTD), one-, three-, five- and 10-year annualized timeframes. All data in the tables are percentages.

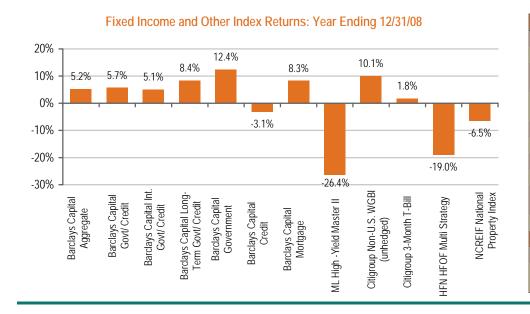
Equity Index Returns



Equity Indices	Quarter	YTD	1-year	3-year	5-year	10-year
Standard & Poor's 500	-21.9	-37.0	-37.0	-8.4	-2.2	-1.4
Russell 3000	-22.8	-37.3	-37.3	-8.6	-2.0	-0.8
Russell 1000	-22.5	-37.6	-37.6	-8.7	-2.0	-1.1
Russell 1000 Growth	-22.8	-38.4	-38.4	-9.1	-3.4	-4.3
Russell 1000 Value	-22.2	-36.9	-36.9	-8.3	-0.8	1.4
Russell 2000	-26.1	-33.8	-33.8	-8.3	-0.9	3.0
Russell 2000 Growth	-27.5	-38.5	-38.5	-9.3	-2.4	-0.8
Russell 2000 Value	-24.9	-28.9	-28.9	-7.5	0.3	6.1
MSCI EAFE (net)	-20.0	-43.4	-43.4	-7.4	1.7	0.8
MSCI ACWI ex-U.S. (net)	-22.3	-45.5	-45.5	-7.0	2.6	1.9
MSCI EM (net)	-27.6	-53.3	-53.3	-4.9	7.7	9.0

*Index represents the return of the benchmark net of dividends paid on the stocks.

Fixed-Income and Other Index Returns



Fixed Income Indices	Quarter	YTD	1-year	3-year	5-year	10-year
Barclays Capital Aggregate	4.6	5.2	5.2	5.5	4.7	5.6
Barclays Capital Govt/Credit	6.4	5.7	5.7	5.6	4.6	5.6
Barclays Capital Intermediate Govt/Credit	4.8	5.1	5.1	5.5	4.2	5.4
Barclays Capital Long-Term Govt/Credit	13.1	8.4	8.4	5.9	6.3	6.6
Barclays Capital Government	8.1	12.4	12.4	8.1	6.1	6.2
Barclays Capital Credit	4.0	-3.1	-3.1	2.0	2.7	4.9
Barclays Capital Mortgage	4.3	8.3	8.3	6.8	5.5	6.0
ML High-Yield Master II	-17.6	-26.4	-26.4	-5.6	-0.9	2.0
Citigroup Non-U.S. WGBI (unhedged)	8.8	10.1	10.1	9.5	6.0	5.6
Citigroup 3-Month T-Bill	0.3	1.8	1.8	3.8	3.1	3.3
Other Indices						
HFN HFOF Multi-Strategy	-8.2	-19.0	-19.0	-0.7	2.2	6.8
NCREIF National Property Index	-8.3	-6.5	-6.5	8.1	11.7	10.5

Investment Performance: Equity Sector and Yield Spread Analysis

This page presents data on sector and spread analysis for Q4 2008 alongside commentary from Segal Advisors.

Equity Sector Analysis

The Financial sector experienced the worst quarterly decline of all the sectors comprising the S&P 500 Index and contributed -6.5 percent to the -21.9 percent total Index return. All sectors experienced negative absolute returns, with Telecom the only sector which contributed positively (10 bps) to the Index. See the adjacent table.

S&P 500 Sector Performance

	Fourth Quarter 2008				
	Ending Weight (%)	Return (%)	Contribution (%)		
Consumer Discretionary	8.4	-22.8	-1.7		
Consumer Staples	12.9	-12.8	-1.6		
Energy	13.6	-20.7	-2.8		
Financials	13.2	-37.1	-6.5		
Health care	14.8	-12.1	-1.6		
Industrials	11.0	-23.8	-2.5		
Information Technology	15.2	-25.7	-3.9		
Materials	2.9	-30.8	-1.1		
Telecom	3.8	-1.4	0.1		
Utilities	4.1	-11.0	-0.3		

Source: Standard & Poor's

Widening Yield Spreads for Non-Treasury Sectors

OAS and Excess Returns in Basis Points (bps)*

	Option Adjusted Spreads		Excess Returns vs. US Treasurie			asuries	
	6/30/08	9/30/08	<u>12/31/08</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>2008</u>
U.S. Aggregate Index	129	176	213	-252	-163	136	-710
U.S. Agency (Non-mortgage) Sector	67	115	93	-123	-9	179	-110
Mortgage and ABS Sectors:							
 Mortgage-Backed Securities 	127	135	145	-152	-68	33	-232
Asset-Backed Securities	353	584	955	-665	-316	-190	-2223
• CMBS	288	480	1010	-1020	-2259	1514	-3274
Credit Sectors:							
U.S. Investment Grade	238	385	493	-580	-183	276	-1786
Industrial	226	325	500	-884	-218	337	-1756
Utility	232	335	537	-992	-157	126	-2039
 Financial Institutions 	315	613	629	-243	-131	349	-2209
U.S. High Yield	708	1020	1669	-1650	-1362	568	-3832

Source: Baird Advisors using Barclays Capital Data

* As a reminder, 10 bps equals 0.1 percent.

Continued deleveraging resulted in the widening of yield spreads in most non-Treasury sectors. Throughout the year, yields on Asset-Backed Securities widened sharply, resulting in 2223 bps of underperformance for the year. During the second half of the year, spreads in the Financials sector doubled (from 315 bps to 629 bps), resulting in 2209 bps of underperformance. In addition, the Industrials and Utilities sectors were hit hard in October. CMBS fared the worst during October and November, as severely negative technicals and declining fundamentals drove spreads substantially higher. High Yield was also hit especially hard during October and November. During December, several sectors experienced positive excess returns; however, the underperformance of non-Treasury sectors during the year was unprecedented.

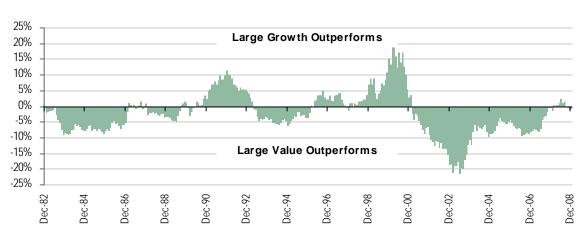


Investment Performance: Long-Term Equity Trends

Page 5 and Page 6 focus on Segal Advisors' observations on the relative performance of selected indices. All of the graphs on this page show rolling three-year return deviations from December 1982 through December 2008. These graphs demonstrate the importance of diversification over the long term. Changes are expressed in terms of percentages and/or basis points (bps). As a reminder, 10 bps equals 0.1 percent.

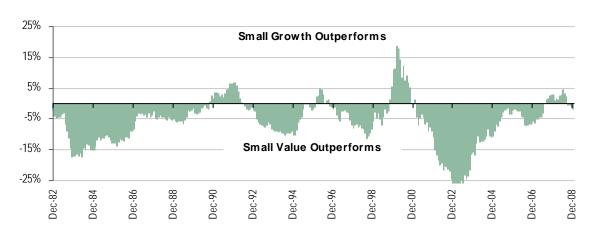
Large Growth Stocks vs. Large Value Stocks

Large growth stocks had only a short stretch of outperformance, as the Russell 1000 Value (R1000V) outpaced the Russell 1000 Growth (R1000G) during Q4 2008. The R1000V was once again ahead of the R1000G on a trailing one-year (+158 bps) basis and on a trailing three-year basis (+80 bps). Increased volatility in the equity asset class resulted in sharp reversals of the growth vs. value trend in recent monthly three-year returns. The adjacent graph compares the rolling three-year returns for both indices. Since the inception of these indices in January 1979, the R1000V increased 11.8 percent and the R1000G increased 9.7 percent, a difference of 210 bps.



Source: Russell Investments

Small Growth Stocks vs. Small Value Stocks



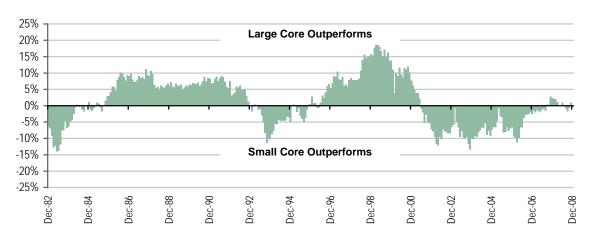
outperformance over the Russell 2000 Growth (R2000G) during Q4 2008. The R2000V outpaced the R2000G on a trailing one-year (+961 bps) and a trailing three-year (+180 bps) basis, for the fourth straight month. The adjacent graph compares the rolling three-year returns for both indices. Since the inception of these indices in January 1979, the R2000V increased 13.1 percent and the R2000G increased 8.1 percent, a difference of 501 bps.

The Russell 2000 Value (R2000V) continued its

Source: Russell Investments

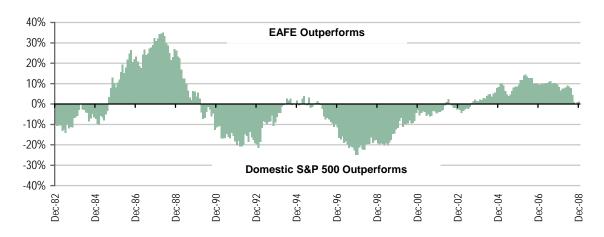
Large Stocks vs. Small Stocks

Over the long-term, there appears to be multiple points of inflection between large capitalization stocks and small capitalization stocks, prior to the emergence of a long-term trend. These points tend to occur in and around recessions, such as the current economic environment, within the domestic economy. The Russell 1000 (R1000) lagged the Russell 2000 (R2000) on a trailing one-year basis (-381 bps) and on a trailing three-year basis (-40 bps). The adjacent graph compares the rolling three-year returns for both indices. Since the inception of these indices in January 1979, the R1000 increased 11.0 percent and the R2000 increased 10.8 percent, a difference of 20 bps.



Source: Russell Investments

Foreign Stocks vs. U.S. Stocks



Sources: Morgan Stanley Capital International and Standard & Poor's

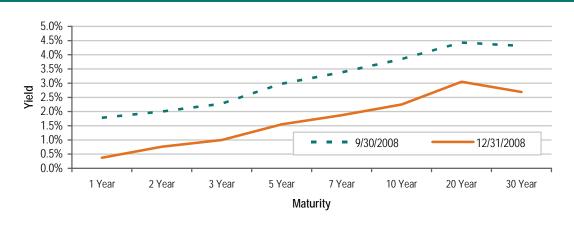
For the trailing one-year, the S&P 500 Index outpaced the MSCI EAFE Index by 639 bps; however, over the trailing three, five, and ten year time periods, the EAFE is ahead. Since January 1979, the S&P 500 increased 11.0 percent and the EAFE increased 8.9 percent, a difference of 211 bps. The adjacent graph compares the rolling three-year returns for both indices.

Investment Performance: Fixed Income Data

Page 7 and Page 8 focus on selected fixed-income data and Segal Advisors' commentary.

Continued Yield Curve Steepening

Treasury yields fell during the fourth quarter, as investors continued their flight to quality. Weak economic data intensified the concerns of investors as the global economy slowed and deflation started to emerge. See the adjacent graph. Treasury yields ended Q4 2008 124-162 bps lower than Q3 2008. Record or near record low rates were observed across the yield curve.



Source: U.S. Treasury

Widening Credit Spreads

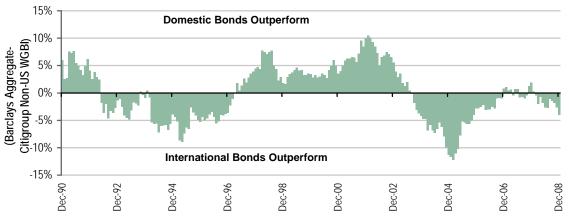
Moody's Corporate-Treasury Bond Spread Baa 10-Yr Constant Maturities



Credits spreads widened to record levels during Q4 2008 by 242 bps to 604 bps. See the adjacent graph. In response to the ongoing credit turmoil, continued deleveraging, weakening fundamentals, and lack of liquidity, U.S. Treasury prices drastically increased as investors fled to the safest securities. During Q4, fixed income sectors with any hint of credit risk were crushed, with spreads widening and prices dropping to historic levels.

Performance of U.S. Bonds vs. International Bonds: Rolling Three-Year Return Deviations September 1989 – September 2008

International bonds outperformed domestic bonds during Q4 2008 (8.8 percent vs. 4.6 percent) due primarily to declining global government yields. In addition, international bonds outpaced domestic bonds by 4.9 percent, 4.0 percent, 1.3 percent, and 4.5 percent over the one-year, three-year, five-year, and seven-year rolling periods, respectively, that ended December 31, 2008. See the adjacent graph.



Source: Barclays Capital and Citigroup

National Council of Real Estate Investment Fiduciaries – National Property Index Sector and Region Performance

	Returns as of the Fourth Quarter 2008				
	% Weight of Index	<u>Q4 (%)</u>	<u>1 Year (%)</u>		
NCREIF NPI Total Return	100%	-8.3	-6.5		
Sector					
Apartment	24.1	-8.4	-7.3		
Hotel	1.8	-10.9	-9.4		
Industrial	15.2	-8.0	-5.8		
Office	38.4	-9.3	-7.3		
Retail	20.6	-6.3	-4.1		
NCREIF Region					
East	34.6	-9.7	-7.9		
Midwest	10.0	-6.7	-5.3		
South	21.0	-6.8	-3.8		
West	34.5	-8.2	-6.9		

Source: National Council of Real Estate Investment Fiduciaries (NCREIF)

The NCREIF NPI lost 8.3 percent for Q4 2008 and 6.5 percent for the calendar year 2008. Both Q4 and the one year period ended December 31, 2008 were the worst declines for their respective time periods since NCREIF started compiling results in 1978. The only other calendar year periods with negative returns were 1991 (-5.6 percent) and 1992 (-4.3 percent). The hotel and office sectors were hit the hardest, due to decreased leisure and business travel, and reduced usage of space by companies. The regions which were hardest hit were the East and West, as both regions had the largest value appreciation during the recent real estate boom.

Quarterly Highlights: Noteworthy Developments

Segal Advisors finds the Q4 2008 developments discussed below to be noteworthy for institutional investors.

Personal Savings Rates

Consumer spending comprises roughly two-thirds of U.S. GDP. From 1950 to 1985, American consumers saved roughly 9 percent of their disposable income. From 1985 onward, that savings rate steadily declined. At the same time, consumer and mortgage debts rose. This trend reversed in late 2008, as concerns about rapid job losses, declining wealth, and limited access to credit impacted the consumer. The savings rate rose to 2.8 percent at the end of November, 2008, which matches the highest rate since early 2002 (excluding isolated months affected by tax rebates and Microsoft's dividend payment). It is anticipated that American consumers will continue to keep their spending in check, limit consumption growth, and keep savings high until the economy improves. While many economists believe that a rise in savings is positive, they also state that a sharp increase, compressed in a short period, could be detrimental to near-term GDP growth.



Source: US Bureau of Economic Analysis

Global GDP & Unemployment

Global GDP & Unemployment

		2008				2007	
	GDP USD	GDP Per	Unemployment		GDP USD	GDP Per	Unemployment
Country	(\$B)	Capita (\$)	Rate (%)	Country	(\$B)	Capita (\$)	Rate (%)
US	14,580	48,000	5.70	US	13,130	44,000	4.60
Canada	1,336	40,200	6.10	Canada	1,178	35,600	6.00
UK	2,281	37,400	5.50	UK	1,930	31,800	5.40
Japan	4,487	35,300	4.20	Japan	4,218	33,100	3.60
Germany	2,863	34,800	7.90	Germany	2,630	31,900	8.80
France	2,097	32,700	7.50	France	1,891	31,100	8.00
Italy	1,801	31,000	6.80	Italy	1,756	30,200	6.00
Mexico	1,578	14,400	4.10	Mexico	1,149	10,700	3.20
China	7,800	6,100	4.00	China	10,170	7,700	4.10
India	3,319	2,900	6.80	India	4,156	3,800	7.80

The current economic environment has significantly impeded global economic growth, which is expected to continue with the unemployment rate anticipated to escalate through 2009. The International Labor Organization (ILO) reports that global unemployment in 2009 could surpass that of 2007 by 18-30 million workers, and more than 50 million if the situation continues to deteriorate. The ILO report also states that 200 million workers, predominantly in developing economies, could be pushed into extreme poverty.

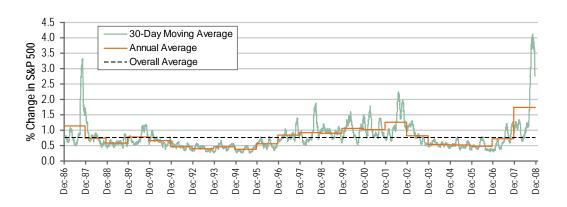
Source: Central Intelligence Agency (CIA)

Source: International Labor Organization



Realized Volatility (Average Daily Absolute % Change in S&P 500)

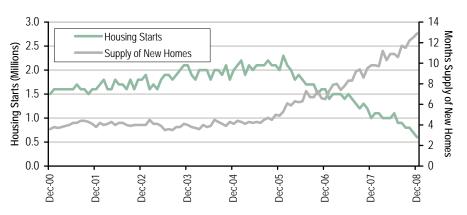
The adjacent chart displays the realized volatility, or average daily absolute percentage change, for the S&P 500 Index. 2007 volatility turned out to be merely a preview of events to come during 2008, as continued deleveraging led to unprecedented volatility as well as illiquidity in the credit markets, particularly during the second half of 2008. The 30-day moving average of realized volatility for the S&P 500 Index peaked on November 21, 2008 at 4.12 percent, and the annual average for 2008 ended at 1.75 percent, surpassing levels from the 1987 stock market crash. In other words, the S&P 500 Index moved 1.75 percent a day, on average, for 2008, as compared to the overall average of 0.77 percent since 1986.



Source(s): Chicago Board Options Exchange, Standard & Poor's

Housing

Housing Starts and Months Supply of New Homes



Source(s): Census Bureau and Economy.com

Housing starts declined in December to a seasonally adjusted annual rate of 550,000, down 45 percent from a year ago. This represents the lowest level in half a century. Sales of new homes sank by 57 percent for Q4 2008. December's decline in sales pace (to 331,000 annualized units) was the worst in about 45 years of recorded data, just ahead of the 338,000 units sold in September 1981 during the depths of the 1980s housing correction. The December decline encompassed all regions, with the Northeast and West leading the way. The Midwest saw the smallest hit, but this followed a large decline in sales during November. The year-over-year declines followed the same regional pattern, with the Northeast dropping 50 percent and the Midwest declining by 31 percent. Prices continued to erode. The median new-house price was down by 9 percent from a year ago as homebuilders were forced to discount prices to compete with foreclosures. This represents the first annual decline since 1991 and the largest nominal decline on record. Nevertheless, the sharp drop in sales has caused the available inventory to soar to a new high of 12.9 months.

Investment Manager Roster

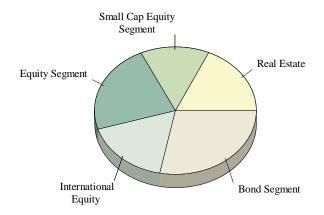
Investment Manager	Mandate	Benchmark	Inception Date
Principal Global Investors, LLC	Large Cap	S&P 500 Index	12/31/1994
Principal Global Investors, LLC	International Core	MSCI EAFE Net Index	12/31/1994
Manning & Napier Advisors, Inc.	Small Cap	Russell 2000 Index	01/31/2008
Principal Global Investors, LLC	Fixed Income Core	Barclays Capital Aggregate Bond Index	12/31/1994
Prudential Real Estate Investors	Real Estate	NCREIF ODCE Index	03/31/2008

Asset Allocation Policy

Asset Class	Minimum	Target	Maximum
Domestic Equity	20%	25%	30%
Small Cap Core	10%	15%	20%
International Core	15%	20%	25%
Fixed Income Core	20%	25%	30%
Real Estate	10%	15%	20%

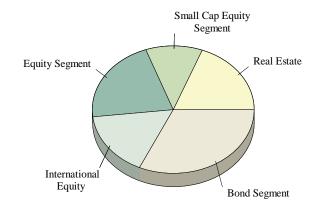
COMPOSITE ASSET ALLOCATION

TOTAL MARKET VALUE AS OF SEPTEMBER 30, 2008 \$52,914,201



	Value	Percent
Bond Segment	14,878,060	28.12
Equity Segment	12,026,685	22.73
Real Estate	9,658,219	18.25
International Equity	9,092,976	17.18
Small Cap Equity Segment	7,258,261	13.72

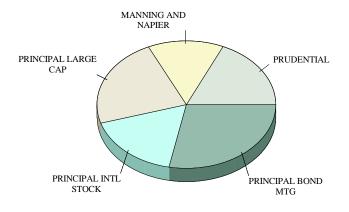
TOTAL MARKET VALUE AS OF DECEMBER 31, 2008 \$42,990,157



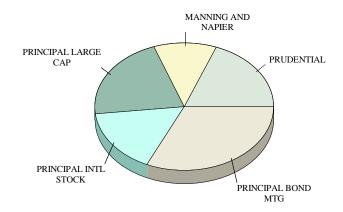
	Value	Percent
Bond Segment	13,697,529	31.86
Equity Segment	9,150,842	21.29
Real Estate	8,239,906	19.17
International Equity	7,023,858	16.34
Small Cap Equity Segment	4,878,022	11.34

COMPOSITE MANAGER ASSET ALLOCATION

TOTAL MARKET VALUE ON SEPTEMBER 30, 2008 \$52,914,201



TOTAL MARKET VALUE ON DECEMBER 31, 2008 \$42,990,157



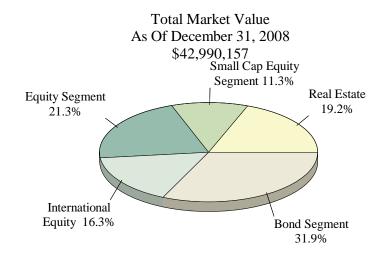
	Value	Percent
PRINCIPAL BOND MTG	14,878,060	28.12
PRINCIPAL LARGE CAP	12,026,685	22.73
PRUDENTIAL	9,658,219	18.25
PRINCIPAL INTL STOCK	9,092,976	17.18
MANNING AND NAPIER	7,258,261	13.72

		Value	Percent
I	PRINCIPAL BOND MTG	13,697,529	31.86
I	PRINCIPAL LARGE CAP	9,150,842	21.29
I	PRUDENTIAL	8,239,906	19.17
I	PRINCIPAL INTL STOCK	7,023,858	16.34
N	MANNING AND NAPIER	4,878,022	11.34

Profile

COMPOSITE					
Benchmark:	POLICY INDEX				
Inception Date:	December 31, 2001				

Asset Allocation



Account Reconciliation

Source	Quarter	Year to Date	12/2005 - 6/2007
Beginning Value	52,914,201	64,380,522	53,896,652
Net Flows	-531,049	-491,727	-1,396,045
Investment G/L	-9,392,995	-20,898,638	-9,510,450
Ending Value	42,990,157	42,990,157	42,990,157

Source Of Portfolio Growth



— Portfolio Market Value

- Beginning Market Value & Net Contributions

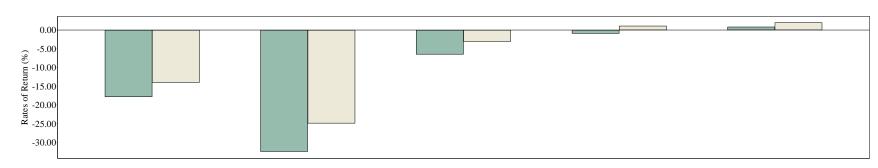
COMPOSITE PERFORMANCE SUMMARY

	21	4 77	A 77			35 3 477	0/ 0 4
	Qtr	1 Yr	3 Yr	5 Yr	Incept	Market Value	% of Assets
COMPOSITE	-17.87	-32.50	-6.50	-0.93	0.80	\$42,990,157	
POLICY INDEX	-14.03	-24.90	-3.11	1.06	1.94	ψ· Ξ ,>> 0,1 Ε,	
	14.03	24.70	5.11	1.00	1.74		
PRINCIPAL LARGE CAP	-22.12	-37.22	-8.64	-2.38	-	\$9,150,842	21.29%
S&P 500	-21.94	-37.00	-8.36	-2.19	-		
Universe Median	-21.73	-36.19	-7.43	-0.67	-		
Quartile Ranking	59	60	69	81	-		
PRINCIPAL INTL STOCK	-22.05	-45.90	-6.93	4.31	_	\$7,023,858	16.34%
MSCI NET EAFE	-19.95	-43.38	-7.35	1.66	_	Ψ7,023,030	10.5170
Universe Median	-21.14	-44.52	-5.97	3.07	_		
Quartile Ranking	59	60	59	33	-		
MANNING AND NAPIER	22.70					Φ4 979 022	11.250/
RUSSELL 2000	-32.79 -26.12	-	-	-	-	\$4,878,022	11.35%
Universe Median	-26.12 -25.56	-	-	-	-		
Quartile Ranking	-23.36 99	-	-	-	-		
Quartile Ranking	99	<u>-</u>	-	-	-		
PRINCIPAL BOND MTG	-6.79	-13.06	-1.85	0.61	-	\$13,697,529	31.86%
Barclays Agg Bond	4.57	5.24	5.51	4.65	-		
Universe Median	3.90	4.33	5.16	4.40	-		
Quartile Ranking	99	99	99	99	-		
PRUDENTIAL	-14.47	_	_	_	_	\$8,239,906	19.17%
NCREIF ODCE (EW)	-11.64	_	_	_	-	ψ0, 2 57,200	17.11,0
Universe Median	-	_	_	-	-		
Quartile Ranking	_	_	_	-	-		



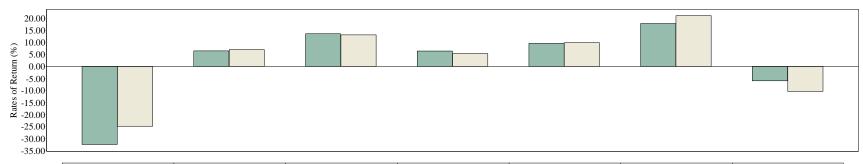
COMPOSITE - TOTAL FUND 12/2001 Through 12/2008

Trailing Returns



	1 Qtr	1 Yr	3 Yr	5 Yr	Since Inception
TOTAL FUND	-17.87	-32.50	-6.50	-0.93	0.80
POLICY INDEX		-24.90	-3.11	1.06	1.94
Difference	-3.84	-7.59	-3.39	-1.99	-1.14

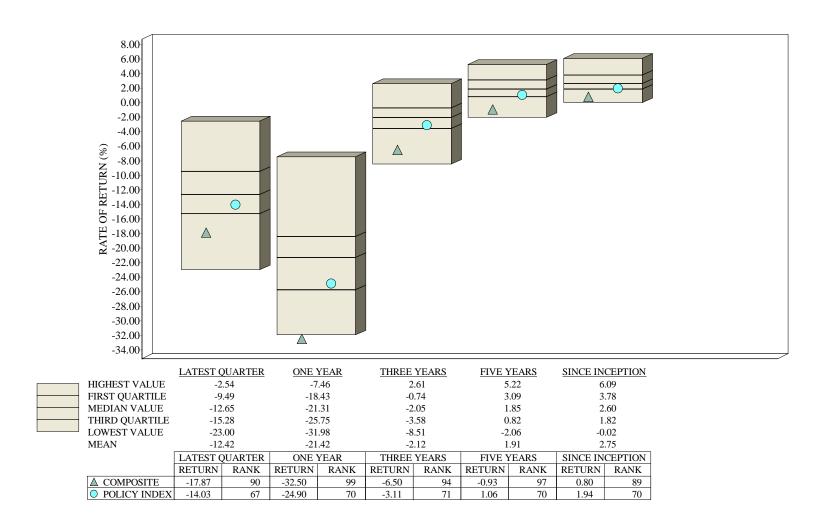
Calendar Year Returns



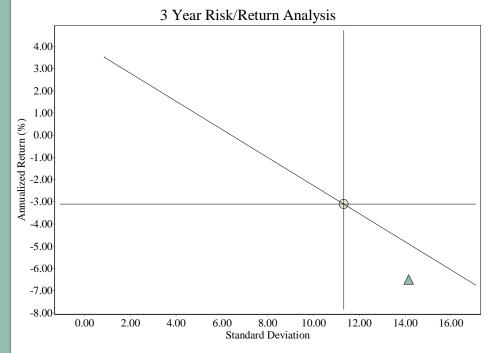
	2008	2007	2006	2005	2004	2003	2002
TOTAL FUND	-32.50	6.52	13.65	6.43	9.71	17.89	-6.01
POLICY INDEX	-24.90	6.99	13.20	5.40	9.97	21.12	-10.38
Difference	-7.59	-0.47	0.45	1.04	-0.26	-3.22	4.37

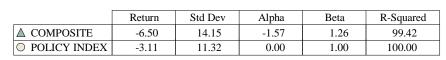


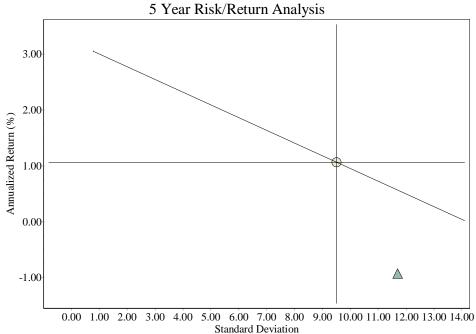
QUARTILE RANKING ANALYSIS TOTAL FUND AGAINST BALANCED MANAGERS



COMPOSITE RETURN VS RISK







	Return	Std Dev	Alpha	Beta	R-Squared
△ COMPOSITE	-0.93	11.70	-1.39	1.23	98.74
POLICY INDEX	1.06	9.51	0.00	1.00	100.00



COMPOSITE TOTAL FUND MARKET VALUES AND CASH FLOWS

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Mar 2002	N/A	0	0	N/A	0.28
Jun 2002	N/A	0	41,225,900	41,225,900	-3.50
Sep 2002	41,225,900	0	-3,800,429	37,425,471	-7.84
Dec 2002	37,425,471	0	1,808,362	39,233,833	5.39
Mar 2003	39,233,833	0	-185,531	39,048,302	-1.93
Jun 2003	39,048,302	0	3,648,601	42,696,903	10.03
Sep 2003	42,696,903	0	289,805	42,986,708	1.36
Dec 2003	42,986,708	0	3,093,328	46,080,036	7.79
Mar 2004	46,080,036	0	2,258,325	48,338,361	2.56
Jun 2004	48,338,361	0	-352,977	47,985,384	-0.23
Sep 2004	47,985,384	0	-166,674	47,818,710	0.45
Dec 2004	47,818,710	0	3,057,601	50,876,311	6.74
Mar 2005	50,876,311	0	487,401	51,363,712	-1.31
Jun 2005	51,363,712	0	443,603	51,807,315	1.99
Sep 2005	51,807,315	0	1,424,511	53,231,826	3.53
Dec 2005	53,231,826	-398,198	1,063,024	53,896,652	2.14
Mar 2006	53,896,652	1,065,642	1,939,241	56,901,535	3.59
Jun 2006	56,901,535	-531,862	-499,858	55,869,815	-0.88
Sep 2006	55,869,815	-424,358	2,576,336	58,021,793	4.64
Dec 2006	58,021,793	-433,628	3,340,857	60,929,022	5.79
Mar 2007	60,929,022	1,188,243	828,248	62,945,513	1.36
Jun 2007	62,945,513	-424,423	2,911,209	65,432,299	4.65
Sep 2007	65,432,299	-537,907	1,549,901	66,444,293	2.38
Dec 2007	66,444,293	-806,025	-1,257,746	64,380,522	-1.90
Mar 2008	64,380,522	1,056,887	-5,459,360	59,978,049	-8.45
Jun 2008	59,978,049	-543,054	-806,934	58,628,061	-1.35
Sep 2008	58,628,061	-474,511	-5,239,349	52,914,201	-8.99
Dec 2008	52,914,201	-531,049	-9,392,995	42,990,157	-17.87

COMPOSITE QUARTERLY ASSET ALLOCATION (%)

BOND		EQUITY IN	EQUITY INTERNATIONAL EQUITYSMALL CAP EQ		
	Actual	Actual	Actual	Actual	Actual
Period Ending	Weight	Weight	Weight	Weight	Weight
03/31/2007	28.39	55.90	15.71	N/A	N/A
06/30/2007	26.29	57.23	16.48	N/A	N/A
09/30/2007	25.87	57.20	16.93	N/A	N/A
12/31/2007	26.56	56.41	17.02	N/A	N/A
03/31/2008	26.96	23.14	19.83	14.07	16.01
06/30/2008	26.90	22.79	20.54	13.32	16.45
09/30/2008	28.12	22.73	17.18	13.72	18.25
12/31/2008	31.86	21.29	16.34	11.35	19.17

COMPOSITE TOTAL FUND POLICY INDEX

TOTAL FUND BENCHMARK

03/31/2008 - Present

25% Barclays Capital Aggregate Bond

25% S&P 500

20% MSCI NET EAFE

15% NCREIF ODCE (EQUAL WEIGHT)

15% RUSSELL 2000

12/31/1978 - 03/31/2008

50% S&P 500

35% Barclays Capital Aggregate Bond

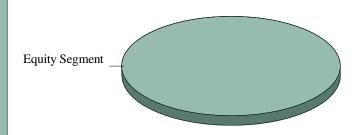
15% MSCI NET EAFE

Profile

PRINCIPAL LARGE CAP STOCK INDEX					
Style:	Large Cap				
Benchmark:	S&P 500				
Universe:	Large Cap Managers				
Inception Date:	December 31, 1994				

Asset Allocation

Total Market Value As Of December 31, 2008 \$9,150,842



Account Reconciliation

Source	Quarter	Year to Date	12/2005 - 6/2007
Beginning Value	12,026,685	36,319,483	28,505,988
Net Flows	-254,883	-20,204,224	-18,731,536
Investment G/L	-2,620,960	-6,964,417	-623,610
Ending Value	9,150,842	9,150,842	9,150,842

Source Of Portfolio Growth

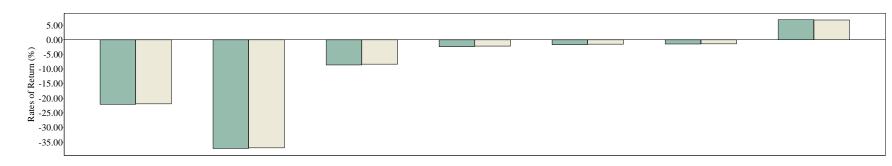


S&P 500: 100% S&P 500



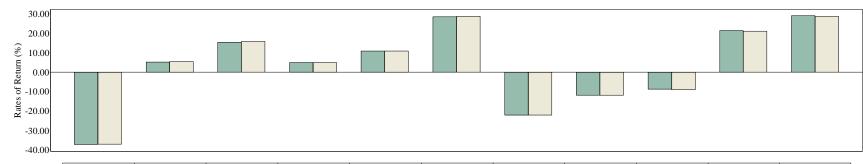
PRINCIPAL LARGE CAP STOCK INDEX - TOTAL FUND 12/1994 Through 12/2008

Trailing Returns



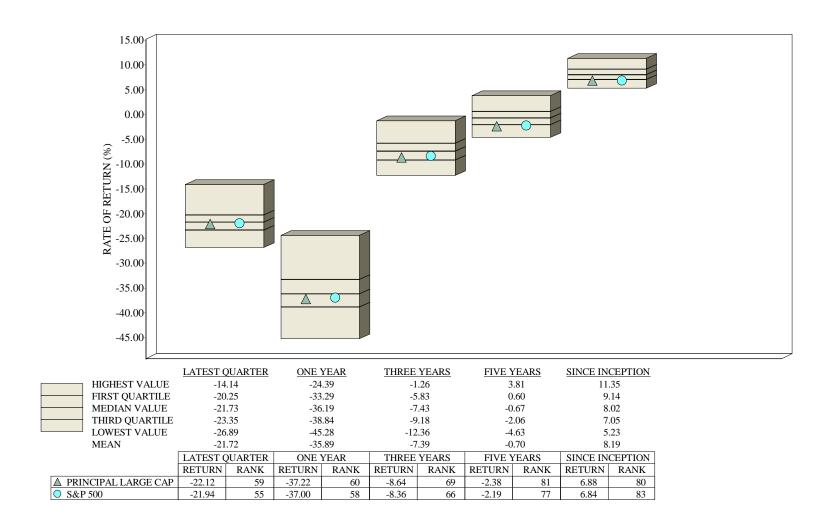
	1 Qtr	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Since Inception
TOTAL FUND	-22.12	-37.22	-8.64	-2.38	-1.69	-1.43	6.88
S&P 500	-21.94	-37.00	-8.36	-2.19	-1.54	-1.38	6.84
Difference	-0.17	-0.22	-0.28	-0.19	-0.15	-0.05	0.05

Calendar Year Returns

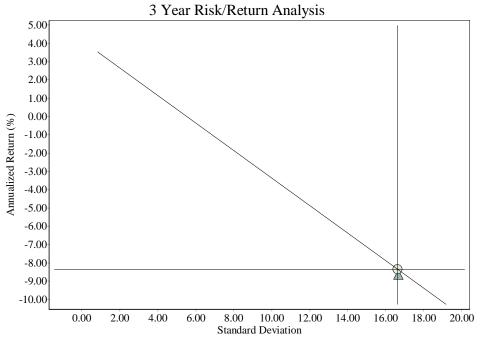


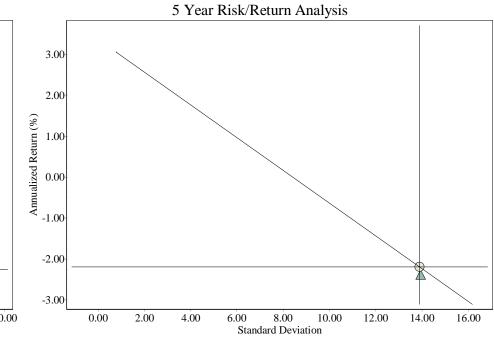
		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
	TOTAL FUND	-37.22	5.21	15.44	4.92	10.83	28.53	-22.12	-11.90	-8.83	21.41	28.98
	S&P 500	-37.00	5.49	15.80	4.90	10.87	28.69	-22.11	-11.88	-9.11	21.04	28.58
[Difference	-0.22	-0.29	-0.36	0.02	-0.04	-0.17	-0.01	-0.02	0.27	0.37	0.39

QUARTILE RANKING ANALYSIS TOTAL FUND AGAINST LARGE CAP MANAGERS



PRINCIPAL LARGE CAP STOCK INDEX RETURN VS RISK





	Return	Std Dev	Alpha	Beta	R-Squared
▲ PRINCIPAL LARGE CAP	-8.64	16.67	-0.26	1.00	99.99
○ S&P 500	-8.36	16.63	0.00	1.00	100.00

	Return	Std Dev	Alpha	Beta	R-Squared
▲ PRINCIPAL LARGE CAP	-2.38	13.94	-0.17	1.00	99.99
○ S&P 500	-2.19	13.89	0.00	1.00	100.00



PRINCIPAL LARGE CAP STOCK INDEX TOTAL FUND MARKET VALUES AND CASH FLOWS

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Mar 1995	N/A	0	0	N/A	9.80
Jun 1995	N/A	0	0	N/A	9.62
Sep 1995	N/A	0	0	N/A	8.01
Dec 1995	N/A	0	0	N/A	6.11
Mar 1996	N/A	0	0	N/A	5.40
Jun 1996	N/A	0	0	N/A	4.58
Sep 1996	N/A	0	0	N/A	3.17
Dec 1996	N/A	0	0	N/A	8.42
Mar 1997	N/A	0	0	N/A	2.77
Jun 1997	N/A	0	0	N/A	17.49
Sep 1997	N/A	0	0	N/A	7.58
Dec 1997	N/A	0	0	N/A	2.96
Mar 1998	N/A	0	0	N/A	14.01
Jun 1998	N/A	0	0	N/A	3.37
Sep 1998	N/A	0	0	N/A	-9.83
Dec 1998	N/A	0	0	N/A	21.37
Mar 1999	N/A	0	0	N/A	5.04
Jun 1999	N/A	0	0	N/A	7.12
Sep 1999	N/A	0	0	N/A	-6.15
Dec 1999	N/A	0	0	N/A	14.97
Mar 2000	N/A	0	0	N/A	2.34
Jun 2000	N/A	0	0	N/A	-2.58
Sep 2000	N/A	0	0	N/A	-0.92
Dec 2000	N/A	0	0	N/A	-7.71
Mar 2001	N/A	0	0	N/A	-11.90
Jun 2001	N/A	0	0	N/A	5.73
Sep 2001	N/A	0	0	N/A	-14.59
Dec 2001	N/A	0	0	N/A	10.74



PRINCIPAL LARGE CAP STOCK INDEX TOTAL FUND MARKET VALUES AND CASH FLOWS

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Mar 2002	N/A	0	0	N/A	0.25
Jun 2002	N/A	0	17,215,641	17,215,641	-13.39
Sep 2002	17,215,641	0	-2,935,912	14,279,729	-17.27
Dec 2002	14,279,729	0	1,282,740	15,562,469	8.42
Mar 2003	15,562,469	0	451,032	16,013,501	-3.16
Jun 2003	16,013,501	0	3,236,286	19,249,787	15.36
Sep 2003	19,249,787	0	551,812	19,801,599	2.63
Dec 2003	19,801,599	0	2,464,558	22,266,157	12.10
Mar 2004	22,266,157	0	1,625,488	23,891,645	1.67
Jun 2004	23,891,645	0	482,564	24,374,209	1.72
Sep 2004	24,374,209	0	-410,246	23,963,963	-1.87
Dec 2004	23,963,963	0	2,293,569	26,257,532	9.21
Mar 2005	26,257,532	0	162,832	26,420,364	-2.12
Jun 2005	26,420,364	84,114	341,273	26,845,751	1.37
Sep 2005	26,845,751	85,603	943,077	27,874,431	3.59
Dec 2005	27,874,431	74,278	557,279	28,505,988	2.08
Mar 2006	28,505,988	820,773	1,174,698	30,501,459	4.11
Jun 2006	30,501,459	73,642	-458,574	30,116,527	-1.50
Sep 2006	30,116,527	86,022	1,688,372	31,890,921	5.60
Dec 2006	31,890,921	85,113	2,107,350	34,083,384	6.60
Mar 2007	34,083,384	892,278	208,451	35,184,113	0.61
Jun 2007	35,184,113	77,971	2,183,321	37,445,405	6.20
Sep 2007	37,445,405	-170,279	732,365	38,007,491	1.96
Dec 2007	38,007,491	-392,832	-1,295,176	36,319,483	-3.43
Mar 2008	36,319,483	-19,570,012	-2,871,966	13,877,505	-9.62
Jun 2008	13,877,505	-146,790	-367,194	13,363,521	-2.66
Sep 2008	13,363,521	-232,539	-1,104,297	12,026,685	-8.37
Dec 2008	12,026,685	-254,883	-2,620,960	9,150,842	-22.12

PRINCIPAL LARGE CAP STOCK INDEX QUARTERLY ASSET ALLOCATION (%)

EQUITY

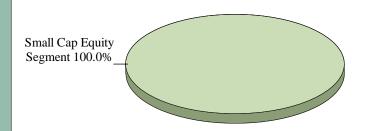
EQUIT				
	A 1			
	Actual			
Period Ending	Weight			
03/31/2006	100.00			
06/30/2006	100.00			
09/30/2006	100.00			
12/31/2006	100.00			
03/31/2007	100.00			
06/30/2007	100.00			
09/30/2007	100.00			
12/31/2007	100.00			
03/31/2008	100.00			
06/30/2008	100.00			
09/30/2008	100.00			
12/31/2008	100.00			

Profile

MANNING AND NAPIER						
Style:	Small Cap					
Benchmark:	RUSSELL 2000					
Universe:	Small Cap Managers					
Inception Date:	February 1, 2008					

Asset Allocation

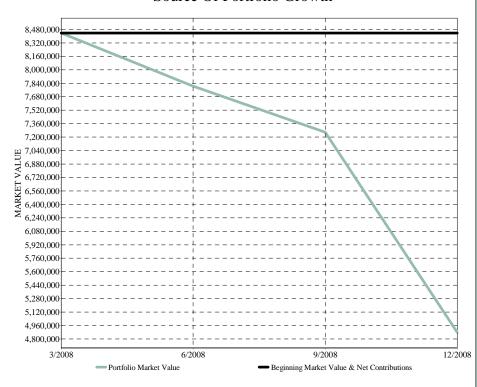
Total Market Value As Of December 31, 2008 \$4,878,022



Account Reconciliation

Source	Quarter	Year to Date	3/2008-12/2008
Beginning Value	7,258,261		8,437,538
Net Flows	0	9,600,000	0
Investment G/L	-2,380,239	-4,721,978	-3,559,516
Ending Value	4,878,022	4,878,022	4,878,022

Source Of Portfolio Growth



RUSSELL 2000: 100% RUSSELL 2000



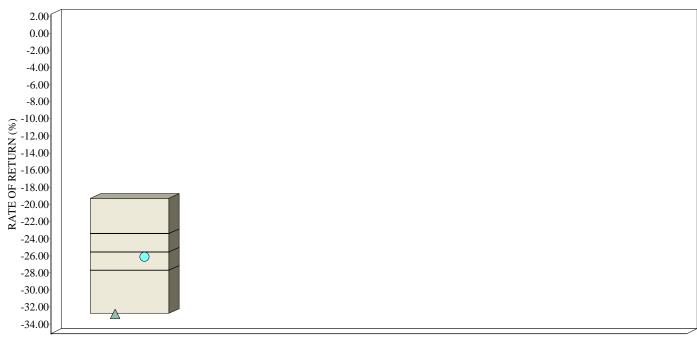
MANNING AND NAPIER - TOTAL FUND 3/2008 Through 12/2008

Trailing Returns



		1 Qtr	Since Inception
	TOTAL FUND	-32.79	-42.19
	RUSSELL 2000	-26.12	-26.51
Г	Difference	-6.68	-15.67

QUARTILE RANKING ANALYSIS TOTAL FUND AGAINST SMALL CAP MANAGERS



	LATEST QUARTER
HIGHEST VALUE	-19.29
FIRST QUARTILE	-23.41
MEDIAN VALUE	-25.56
THIRD QUARTILE	-27.70
LOWEST VALUE	-32.75
MEAN	-25.69

	LATEST (QUARTER
	RETURN	RANK
	-32.79	99
O RUSSELL 2000	-26.12	56



MANNING AND NAPIER TOTAL FUND MARKET VALUES AND CASH FLOWS

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Jun 2008	8,437,538	0	-629,667	7,807,871	-7.46
Sep 2008	7,807,871	0	-549,610	7,258,261	-7.04
Dec 2008	7,258,261	0	-2,380,239	4,878,022	-32.79

MANNING AND NAPIER QUARTERLY ASSET ALLOCATION (%)

SMALL CAP EQ

	Actual
Period Ending	Weight
03/31/2008	100.00
06/30/2008	100.00
09/30/2008	100.00
12/31/2008	100.00

Profile

PRINCIPAL IN	TER	NAI	MOIT	NAL	STOC	K
		-		-		

Style: Foreign Equity

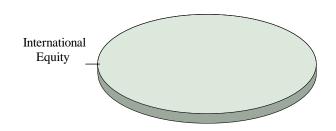
Benchmark: MSCI NET EAFE

Universe: Foreign Equity Managers

Inception Date: December 31, 1994

Asset Allocation

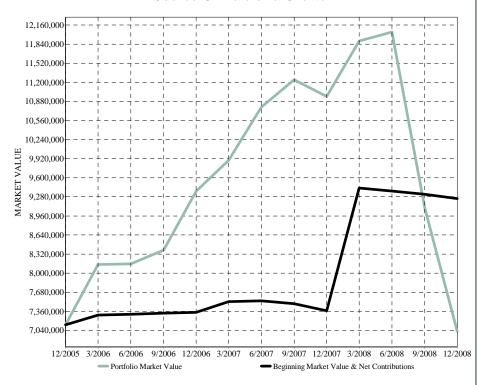
Total Market Value As Of December 31, 2008 \$7,023,858



Account Reconciliation

Source	Quarter	Year to Date	12/2005 - 6/2007
Beginning Value	9,092,976	10,960,165	7,130,692
Net Flows	-76,466	1,880,250	2,117,154
Investment G/L	-1,992,652	-5,816,557	-2,223,988
	- 0 0	- 000 000	
Ending Value	7,023,858	7,023,858	7,023,858

Source Of Portfolio Growth

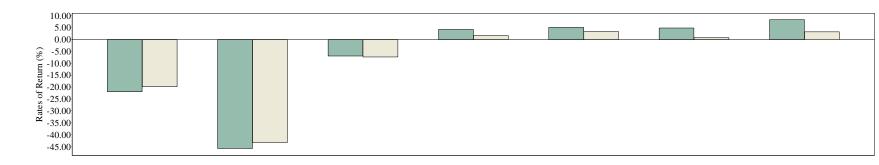


MSCI NET EAFE: 100% MSCI NET EAFE



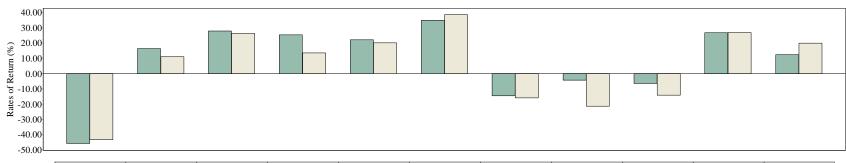
PRINCIPAL INTERNATIONAL STOCK - TOTAL FUND 12/1994 Through 12/2008

Trailing Returns



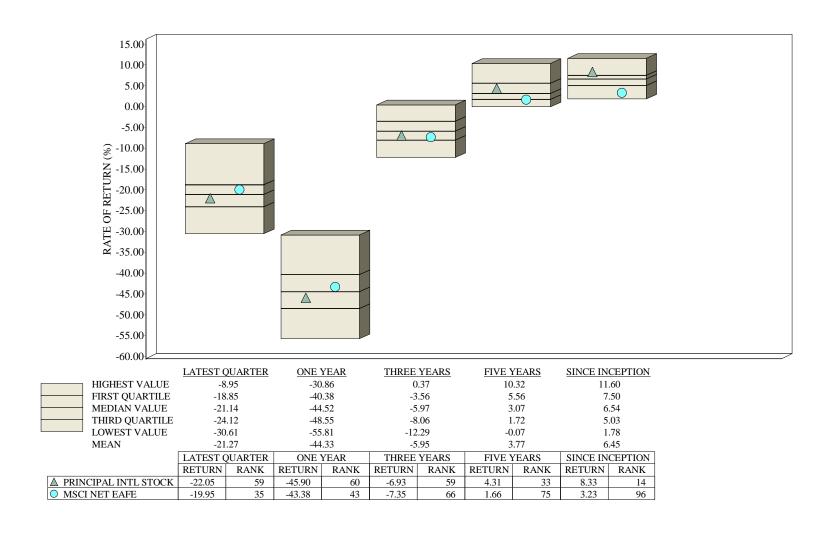
	1 Qtr	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Since Inception
TOTAL FUND	-22.05	-45.90	-6.93	4.31	5.17	4.91	8.33
MSCI NET EAFE	-19.95	-43.38	-7.35	1.66	3.41	0.80	3.23
Difference	-2.09	-2.52	0.42	2.65	1.75	4.10	5.10

Calendar Year Returns

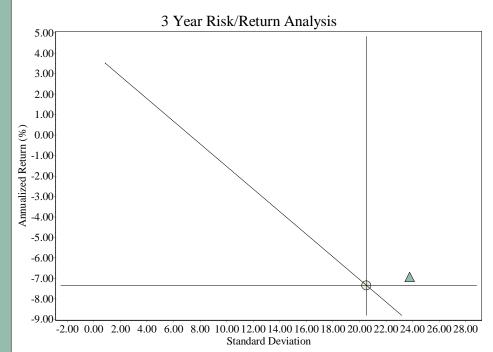


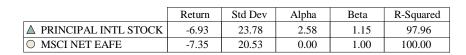
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
TOTAL FUND	-45.90	16.43	27.96	25.37	22.19	34.99	-14.65	-4.33	-6.45	26.78	12.46
MSCI NET EAFE	-43.38	11.17	26.34	13.54	20.24	38.60	-15.94	-21.44	-14.16	26.97	19.99
Difference	-2.52	5.26	1.62	11.84	1.95	-3.61	1.29	17.10	7.71	-0.20	-7.53

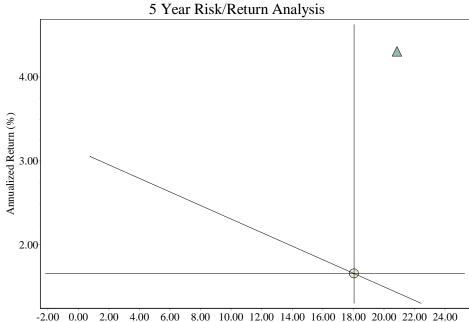
QUARTILE RANKING ANALYSIS TOTAL FUND AGAINST FOREIGN EQUITY MANAGERS



PRINCIPAL INTERNATIONAL STOCK RETURN VS RISK







	Return	Std Dev	Alpha	Beta	R-Squared
△ PRINCIPAL INTL STOCK	4.31	20.86	3.14	1.14	97.18
 MSCI NET EAFE 	1.66	18.05	0.00	1.00	100.00

Standard Deviation



PRINCIPAL INTERNATIONAL STOCK TOTAL FUND MARKET VALUES AND CASH FLOWS

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Mar 1995	N/A	0	0	N/A	-0.66
Jun 1995	N/A	0	0	N/A	9.50
Sep 1995	N/A	0	0	N/A	5.14
Dec 1995	N/A	0	0	N/A	1.88
Mar 1996	N/A	0	0	N/A	8.60
Jun 1996	N/A	0	0	N/A	4.19
Sep 1996	N/A	0	0	N/A	3.20
Dec 1996	N/A	0	0	N/A	8.40
Mar 1997	N/A	0	0	N/A	3.66
Jun 1997	N/A	0	0	N/A	10.83
Sep 1997	N/A	0	0	N/A	5.70
Dec 1997	N/A	0	0	N/A	-5.72
Mar 1998	N/A	0	0	N/A	15.53
Jun 1998	N/A	0	0	N/A	-0.26
Sep 1998	N/A	0	0	N/A	-17.09
Dec 1998	N/A	0	0	N/A	17.71
Mar 1999	N/A	0	0	N/A	3.22
Jun 1999	N/A	0	0	N/A	2.95
Sep 1999	N/A	0	0	N/A	2.66
Dec 1999	N/A	0	0	N/A	16.21
Mar 2000	N/A	0	0	N/A	3.60
Jun 2000	N/A	0	0	N/A	-1.33
Sep 2000	N/A	0	0	N/A	-9.24
Dec 2000	N/A	0	0	N/A	0.83
Mar 2001	N/A	0	0	N/A	3.60
Jun 2001	N/A	0	0	N/A	-0.75
Sep 2001	N/A	0	0	N/A	-15.01
Dec 2001	N/A	0	0	N/A	9.47



PRINCIPAL INTERNATIONAL STOCK TOTAL FUND MARKET VALUES AND CASH FLOWS

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Mar 2002	N/A	0	0	N/A	-0.48
Jun 2002	N/A	0	3,793,548	3,793,548	-1.43
Sep 2002	3,793,548	0	-691,999	3,101,549	-18.28
Dec 2002	3,101,549	0	213,601	3,315,150	6.47
Mar 2003	3,315,150	0	-257,809	3,057,341	-7.88
Jun 2003	3,057,341	0	554,222	3,611,563	17.86
Sep 2003	3,611,563	0	207,171	3,818,734	5.62
Dec 2003	3,818,734	0	685,629	4,504,363	17.72
Mar 2004	4,504,363	0	219,287	4,723,650	4.24
Jun 2004	4,723,650	0	-30,296	4,693,354	-0.77
Sep 2004	4,693,354	0	89,461	4,782,815	1.89
Dec 2004	4,782,815	0	771,942	5,554,757	15.94
Mar 2005	5,554,757	0	180,760	5,735,517	0.90
Jun 2005	5,735,517	16,823	78,107	5,830,447	1.62
Sep 2005	5,830,447	17,120	880,512	6,728,079	15.34
Dec 2005	6,728,079	14,856	387,757	7,130,692	6.01
Mar 2006	7,130,692	164,155	852,303	8,147,150	11.91
Jun 2006	8,147,150	14,729	-6,802	8,155,077	-0.08
Sep 2006	8,155,077	17,204	214,408	8,386,689	2.63
Dec 2006	8,386,689	17,024	966,633	9,370,346	11.51
Mar 2007	9,370,346	178,455	339,805	9,888,606	3.61
Jun 2007	9,888,606	15,594	878,881	10,783,081	8.88
Sep 2007	10,783,081	-51,085	513,827	11,245,823	4.77
Dec 2007	11,245,823	-119,172	-166,486	10,960,165	-1.49
Mar 2008	10,960,165	2,058,997	-1,125,046	11,894,116	-10.03
Jun 2008	11,894,116	-47,726	195,591	12,041,981	1.65
Sep 2008	12,041,981	-54,555	-2,894,450	9,092,976	-24.11
Dec 2008	9,092,976	-76,466	-1,992,652	7,023,858	-22.05

PRINCIPAL INTERNATIONAL STOCK QUARTERLY ASSET ALLOCATION (%)

INTERNATIONAL EQUITY

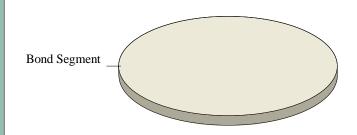
	Actual
	1 10 10 10 1
Period Ending	Weight
03/31/2006	100.00
06/30/2006	100.00
09/30/2006	100.00
12/31/2006	100.00
03/31/2007	100.00
06/30/2007	100.00
09/30/2007	100.00
12/31/2007	100.00
03/31/2008	100.00
06/30/2008	100.00
09/30/2008	100.00
12/31/2008	100.00

Profile

PRINCIPAL BOND AND MORTGAGE								
Style:	Core Fixed Income							
Benchmark:	Barclays Agg Bond							
Universe:	Core Fixed Income							
Inception Date:	December 31, 1994							

Asset Allocation

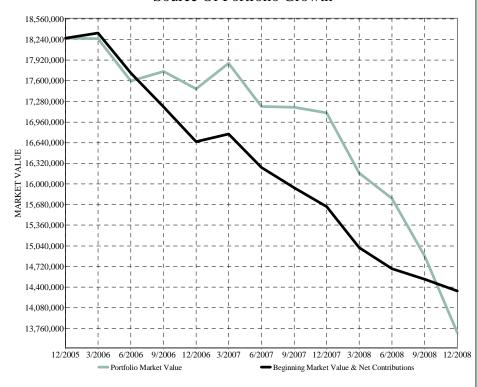
Total Market Value As Of December 31, 2008 \$13,697,529



Account Reconciliation

Source	Quarter	Year to Date	12/2005 - 6/2007
Beginning Value	14,878,060	17,100,874	18,259,972
Net Flows	-179,300	-1,304,056	-3,917,966
Investment G/L	-1,001,231	-2,099,289	-644,477
Ending Value	13,697,529	13,697,529	13,697,529

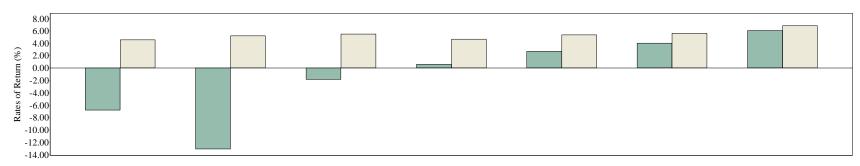
Source Of Portfolio Growth





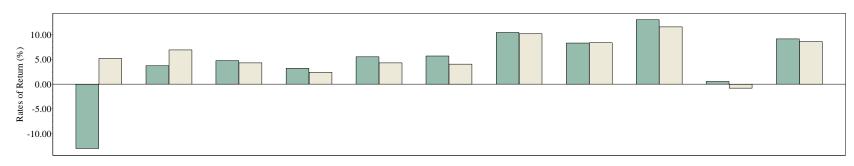
PRINCIPAL BOND AND MORTGAGE - TOTAL FUND 12/1994 Through 12/2008

Trailing Returns



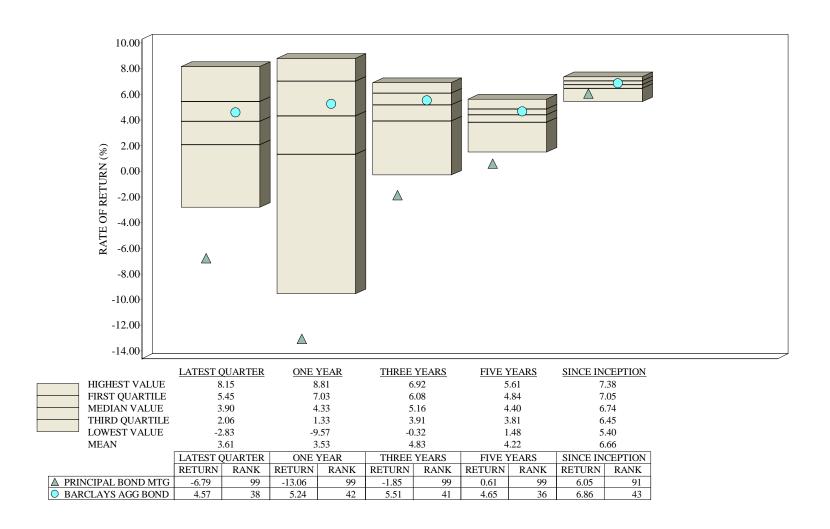
	1 Qtr	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Since Inception
TOTAL FUND	-6.79	-13.06	-1.85	0.61	2.69	4.04	6.05
Barclays Agg Bond	4.57	5.24	5.51	4.65	5.36	5.63	6.86
Difference	-11.36	-18.31	-7.36	-4.04	-2.66	-1.60	-0.81

Calendar Year Returns



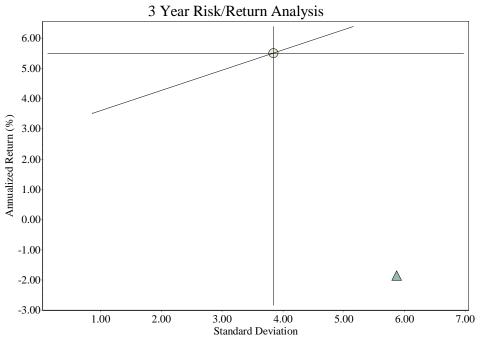
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
TOTAL FUND	-13.06	3.77	4.79	3.24	5.60	5.76	10.50	8.39	13.09	0.60	9.23
Barclays Agg Bond	5.24	6.96	4.33	2.43	4.34	4.11	10.27	8.42	11.63	-0.83	8.67
Difference	-18.31	-3.19	0.46	0.81	1.26	1.65	0.23	-0.04	1.46	1.43	0.55

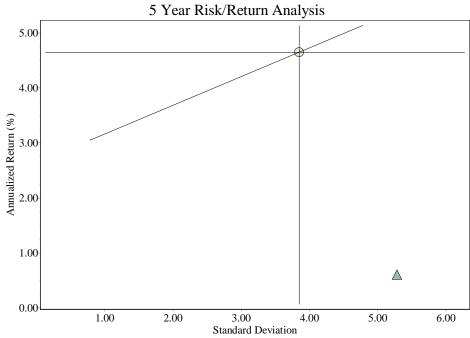
QUARTILE RANKING ANALYSIS TOTAL FUND AGAINST CORE FIXED INCOME





PRINCIPAL BOND AND MORTGAGE RETURN VS RISK





	Return	Std Dev	Alpha	Beta	R-Squared
△ PRINCIPAL BOND MTG	-1.85	5.87	-4.98	-0.10	0.57
 Barclays Agg Bond 	5.51	3.84	0.00	1.00	100.00

	Return	Std Dev	Alpha	Beta	R-Squared
△ PRINCIPAL BOND MTG	0.61	5.28	-2.76	0.30	5.59
Barclays Agg Bond	4.65	3.85	0.00	1.00	100.00



PRINCIPAL BOND AND MORTGAGE TOTAL FUND MARKET VALUES AND CASH FLOWS

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Mar 1995	N/A	0	0	N/A	5.28
Jun 1995	N/A	0	0	N/A	6.51
Sep 1995	N/A	0	0	N/A	2.05
Dec 1995	N/A	0	0	N/A	4.65
Mar 1996	N/A	0	0	N/A	-1.26
Jun 1996	N/A	0	0	N/A	0.66
Sep 1996	N/A	0	0	N/A	2.34
Dec 1996	N/A	0	0	N/A	3.37
Mar 1997	N/A	0	0	N/A	0.07
Jun 1997	N/A	0	0	N/A	4.35
Sep 1997	N/A	0	0	N/A	3.69
Dec 1997	N/A	0	0	N/A	2.92
Mar 1998	N/A	0	0	N/A	1.96
Jun 1998	N/A	0	0	N/A	2.52
Sep 1998	N/A	0	0	N/A	3.83
Dec 1998	N/A	0	0	N/A	0.64
Mar 1999	N/A	0	0	N/A	0.39
Jun 1999	N/A	0	0	N/A	-0.89
Sep 1999	N/A	0	0	N/A	1.07
Dec 1999	N/A	0	0	N/A	0.04
Mar 2000	N/A	0	0	N/A	2.64
Jun 2000	N/A	0	0	N/A	1.82
Sep 2000	N/A	0	0	N/A	3.43
Dec 2000	N/A	0	0	N/A	4.62
Mar 2001	N/A	0	0	N/A	2.64
Jun 2001	N/A	0	0	N/A	0.91
Sep 2001	N/A	0	0	N/A	4.74
Dec 2001	N/A	0	0	N/A	-0.09



PRINCIPAL BOND AND MORTGAGE TOTAL FUND MARKET VALUES AND CASH FLOWS

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Mar 2002	N/A	0	0	N/A	0.17
Jun 2002	N/A	0	17,507,309	17,507,309	3.76
Sep 2002	17,507,309	0	245,608	17,752,917	4.57
Dec 2002	17,752,917	0	-45,649	17,707,268	1.67
Mar 2003	17,707,268	0	-121,848	17,585,420	1.72
Jun 2003	17,585,420	0	130,200	17,715,620	2.92
Sep 2003	17,715,620	0	-384,598	17,331,022	0.06
Dec 2003	17,331,022	0	-217,931	17,113,091	0.96
Mar 2004	17,113,091	0	1,421,510	18,534,601	2.95
Jun 2004	18,534,601	0	-776,403	17,758,198	-2.12
Sep 2004	17,758,198	0	117,376	17,875,574	3.42
Dec 2004	17,875,574	0	1,188,448	19,064,022	1.33
Mar 2005	19,064,022	0	-36,191	19,027,831	-0.36
Jun 2005	19,027,831	-427,848	531,134	19,131,117	2.96
Sep 2005	19,131,117	-438,404	-63,397	18,629,316	-0.16
Dec 2005	18,629,316	-487,332	117,988	18,259,972	0.80
Mar 2006	18,259,972	80,714	-87,760	18,252,926	-0.48
Jun 2006	18,252,926	-620,233	-34,482	17,598,211	-0.19
Sep 2006	17,598,211	-527,584	673,556	17,744,183	3.91
Dec 2006	17,744,183	-535,765	266,874	17,475,292	1.53
Mar 2007	17,475,292	117,510	279,992	17,872,794	1.62
Jun 2007	17,872,794	-517,988	-150,993	17,203,813	-0.86
Sep 2007	17,203,813	-316,543	303,709	17,190,979	1.79
Dec 2007	17,190,979	-294,021	203,916	17,100,874	1.20
Mar 2008	17,100,874	-632,098	-299,886	16,168,890	-1.75
Jun 2008	16,168,890	-327,913	-68,676	15,772,301	-0.43
Sep 2008	15,772,301	-164,745	-729,496	14,878,060	-4.66
Dec 2008	14,878,060	-179,300	-1,001,231	13,697,529	-6.79



PRINCIPAL BOND AND MORTGAGE QUARTERLY ASSET ALLOCATION (%)

BOND

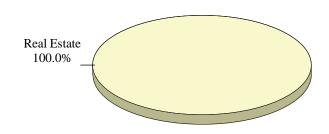
	Actual
Danied Ending	Weight
Period Ending	Weight
03/31/2006	100.00
06/30/2006	100.00
09/30/2006	100.00
12/31/2006	100.00
03/31/2007	100.00
06/30/2007	100.00
09/30/2007	100.00
12/31/2007	100.00
03/31/2008	100.00
06/30/2008	100.00
09/30/2008	100.00
12/31/2008	100.00

Profile

PRUDENTIAL				
Style:	Real Estate			
Benchmark:	NCREIF ODCE (EW)			
Universe:				
Inception Date:	March 31, 2008			

Asset Allocation

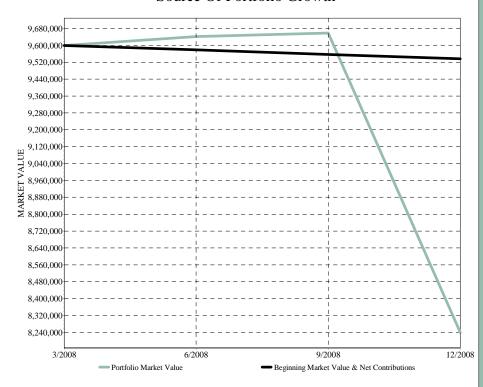
Total Market Value As Of December 31, 2008 \$8,239,906



Account Reconciliation

Source	Quarter	Year to Date	3/2008-12/2008
Beginning Value	9,658,219		9,600,000
Net Flows	-20,400	9,536,303	-63,697
Investment G/L	-1,397,913	-1,296,397	-1,296,397
Ending Value	8,239,906	8,239,906	8,239,906

Source Of Portfolio Growth



PRUDENTIAL - TOTAL FUND 3/2008 Through 12/2008

Trailing Returns



		1 Qtr	Since Inception
	TOTAL FUND	-14.47	-13.57
	NCREIF ODCE (EW)	-11.64	-11.48
Γ	Difference	-2.83	-2.09

PRUDENTIAL TOTAL FUND MARKET VALUES AND CASH FLOWS

Period Ending	Beginning Value	Net Flows	Investment Gain/Loss	Ending Value	Return (%)
Jun 2008	9,600,000	-20,625	63,012	9,642,387	0.66
Sep 2008	9,642,387	-22,672	38,504	9,658,219	0.40
Dec 2008	9,658,219	-20,400	-1,397,913	8,239,906	-14.47

PRUDENTIAL QUARTERLY ASSET ALLOCATION (%)

REAL ESTATE

	Actual	
Period Ending	Weight	
03/31/2008		100.00
06/30/2008		100.00
09/30/2008		100.00
12/31/2008		100.00

COMPOSITE RISK MEASURES - TOTAL FUND

3 Yr	Fund	Policy	Diff
Negative Periods	6.00	6.00	0.00
Positive Periods	6.00	6.00	0.00
Batting Average	33.33	66.67	-33.33
Worst Qtr	-17.87	-14.03	-3.84
Best Qtr	5.79	5.30	0.48
Range	23.66	19.34	4.33
Worst 4 Qtrs	-32.50	-24.90	-7.59
Standard Deviation	14.15	11.32	2.83
Beta	1.26	1.00	0.26
Alpha	-1.57	0.00	-1.57
R-Squared	99.42	100.00	-0.58
Sharpe Ratio	-0.71	-0.59	-0.12
Treynor Ratio	-7.92	-6.62	-1.30
Tracking Error	2.97	0.00	2.97
Information Ratio	-1.06		

5 Yr	Fund	Policy	Diff
Negative Periods	8.00	7.00	1.00
Positive Periods	12.00	13.00	-1.00
Batting Average	45.00	55.00	-10.00
Worst Qtr	-17.87	-14.03	-3.84
Best Qtr	6.74	7.18	-0.44
Range	24.61	21.21	3.40
Worst 4 Qtrs	-32.50	-24.90	-7.59
Standard Deviation	11.70	9.51	2.19
Beta	1.23	1.00	0.23
Alpha	-1.39	0.00	-1.39
R-Squared	98.74	100.00	-1.26
Sharpe Ratio	-0.34	-0.21	-0.13
Treynor Ratio	-3.23	-1.99	-1.24
Tracking Error	2.46	0.00	2.46
Information Ratio	-0.72		

7 Yr	Fund	Policy	Diff
Negative Periods	11.00	10.00	1.00
Positive Periods	17.00	18.00	-1.00
Batting Average	42.86	57.14	-14.29
Worst Qtr	-17.87	-14.03	-3.84
Best Qtr	10.03	11.35	-1.32
Range	27.90	25.38	2.52
Worst 4 Qtrs	-32.50	-24.90	-7.59
Standard Deviation	11.65	10.97	0.67
Beta	1.03	1.00	0.03
Alpha	-1.04	0.00	-1.04
R-Squared	94.76	100.00	-5.24
Sharpe Ratio	-0.15	-0.06	-0.09
Treynor Ratio	-1.70	-0.60	-1.09
Tracking Error	2.63	0.00	2.63
Information Ratio	-0.41		

Incept	Fund	Policy	Diff
Negative Periods	11.00	10.00	1.00
Positive Periods	17.00	18.00	-1.00
Batting Average	42.86	57.14	-14.29
Worst Qtr	-17.87	-14.03	-3.84
Best Qtr	10.03	11.35	-1.32
Range	27.90	25.38	2.52
Worst 4 Qtrs	-32.50	-24.90	-7.59
Standard Deviation	11.65	10.97	0.67
Beta	1.03	1.00	0.03
Alpha	-1.04	0.00	-1.04
R-Squared	94.76	100.00	-5.24
Sharpe Ratio	-0.15	-0.06	-0.09
Treynor Ratio	-1.70	-0.60	-1.09
Tracking Error	2.63	0.00	2.63
Information Ratio	-0.41		

PRINCIPAL LARGE CAP STOCK INDEX RISK MEASURES - TOTAL FUND

3 Yr	Fund	Policy	Diff
Negative Periods	6.00	6.00	0.00
Positive Periods	6.00	6.00	0.00
Batting Average	16.67	83.33	-66.67
Worst Qtr	-22.12	-21.94	-0.17
Best Qtr	6.60	6.70	-0.10
Range	28.72	28.64	0.07
Worst 4 Qtrs	-37.22	-37.00	-0.22
Standard Deviation	16.67	16.63	0.04
Beta	1.00	1.00	0.00
Alpha	-0.26	0.00	-0.26
R-Squared	99.99	100.00	-0.01
Sharpe Ratio	-0.73	-0.71	-0.02
Treynor Ratio	-12.12	-11.87	-0.25
Tracking Error	0.13	0.00	0.13
Information Ratio	-2.20		

5 Yr	Fund	Policy	Diff
Negative Periods	8.00	8.00	0.00
Positive Periods	12.00	12.00	0.00
Batting Average	30.00	70.00	-40.00
Worst Qtr	-22.12	-21.94	-0.17
Best Qtr	9.21	9.23	-0.02
Range	31.33	31.18	0.15
Worst 4 Qtrs	-37.22	-37.00	-0.22
Standard Deviation	13.94	13.89	0.04
Beta	1.00	1.00	0.00
Alpha	-0.17	0.00	-0.17
R-Squared	99.99	100.00	-0.01
Sharpe Ratio	-0.39	-0.38	-0.01
Treynor Ratio	-5.41	-5.24	-0.17
Tracking Error	0.13	0.00	0.13
Information Ratio	-1.43		

7 Yr	Fund	Policy	Diff
Negative Periods	11.00	11.00	0.00
Positive Periods	17.00	17.00	0.00
Batting Average	28.57	71.43	-42.86
Worst Qtr	-22.12	-21.94	-0.17
Best Qtr	15.36	15.40	-0.04
Range	37.48	37.35	0.13
Worst 4 Qtrs	-37.22	-37.00	-0.22
Standard Deviation	16.66	16.64	0.01
Beta	1.00	1.00	0.00
Alpha	-0.15	0.00	-0.15
R-Squared	100.00	100.00	0.00
Sharpe Ratio	-0.25	-0.25	-0.01
Treynor Ratio	-4.24	-4.09	-0.15
Tracking Error	0.11	0.00	0.11
Information Ratio	-1.35		

Incept	Fund	Policy	Diff
Negative Periods	18.00	18.00	0.00
Positive Periods	38.00	38.00	0.00
Batting Average	60.71	39.29	21.43
Worst Qtr	-22.12	-21.94	-0.17
Best Qtr	21.37	21.30	0.07
Range	43.49	43.24	0.25
Worst 4 Qtrs	-37.22	-37.00	-0.22
Standard Deviation	17.29	17.27	0.03
Beta	1.00	1.00	0.00
Alpha	0.04	0.00	0.04
R-Squared	99.99	100.00	-0.01
Sharpe Ratio	0.18	0.18	0.00
Treynor Ratio	3.13	3.08	0.04
Tracking Error	0.15	0.00	0.15
Information Ratio	0.34		

PRINCIPAL INTERNATIONAL STOCK RISK MEASURES - TOTAL FUND

3 Yr	Fund	Policy	Diff
Negative Periods	5.00	5.00	0.00
Positive Periods	7.00	7.00	0.00
Batting Average	50.00	50.00	0.00
Worst Qtr	-24.11	-20.56	-3.55
Best Qtr	11.91	10.35	1.55
Range	36.01	30.91	5.10
Worst 4 Qtrs	-45.90	-43.38	-2.52
Standard Deviation	23.78	20.53	3.25
Beta	1.15	1.00	0.15
Alpha	2.58	0.00	2.58
R-Squared	97.96	100.00	-2.04
Sharpe Ratio	-0.44	-0.53	0.09
Treynor Ratio	-9.05	-10.86	1.82
Tracking Error	4.49	0.00	4.49
Information Ratio	0.25		

5 Yr	Fund	Policy	Diff
Negative Periods	6.00	8.00	-2.00
Positive Periods	14.00	12.00	2.00
Batting Average	60.00	40.00	20.00
Worst Qtr	-24.11	-20.56	-3.55
Best Qtr	15.94	15.32	0.62
Range	40.05	35.88	4.17
Worst 4 Qtrs	-45.90	-43.38	-2.52
Standard Deviation	20.86	18.05	2.81
Beta	1.14	1.00	0.14
Alpha	3.14	0.00	3.14
R-Squared	97.18	100.00	-2.82
Sharpe Ratio	0.06	-0.08	0.14
Treynor Ratio	1.10	-1.40	2.49
Tracking Error	4.27	0.00	4.27
Information Ratio	0.73		

7 Yr	Fund	Policy	Diff
Negative Periods	10.00	11.00	-1.00
Positive Periods	18.00	17.00	1.00
Batting Average	60.71	39.29	21.43
Worst Qtr	-24.11	-20.56	-3.55
Best Qtr	17.86	19.27	-1.41
Range	41.97	39.83	2.14
Worst 4 Qtrs	-45.90	-43.38	-2.52
Standard Deviation	21.53	20.15	1.37
Beta	1.05	1.00	0.05
Alpha	1.87	0.00	1.87
R-Squared	96.81	100.00	-3.19
Sharpe Ratio	0.12	0.04	0.08
Treynor Ratio	2.49	0.87	1.63
Tracking Error	3.93	0.00	3.93
Information Ratio	0.50		

Incept	Fund	Policy	Diff
Negative Periods	18.00	23.00	-5.00
Positive Periods	38.00	33.00	5.00
Batting Average	62.50	37.50	25.00
Worst Qtr	-24.11	-20.56	-3.55
Best Qtr	17.86	20.65	-2.79
Range	41.97	41.21	0.76
Worst 4 Qtrs	-45.90	-43.38	-2.52
Standard Deviation	18.94	18.44	0.50
Beta	0.95	1.00	-0.05
Alpha	5.08	0.00	5.08
R-Squared	86.73	100.00	-13.27
Sharpe Ratio	0.24	-0.03	0.27
Treynor Ratio	4.81	-0.52	5.33
Tracking Error	6.90	0.00	6.90
Information Ratio	0.71		

PRINCIPAL BOND AND MORTGAGE RISK MEASURES - TOTAL FUND

3 Yr	Fund	Policy	Diff
Negative Periods	7.00	5.00	2.00
Positive Periods	5.00	7.00	-2.00
Batting Average	41.67	58.33	-16.67
Worst Qtr	-6.79	-1.02	-5.77
Best Qtr	3.91	4.57	-0.67
Range	10.70	5.59	5.10
Worst 4 Qtrs	-13.06	3.66	-16.73
Standard Deviation	5.87	3.84	2.03
Beta	-0.10	1.00	-1.10
Alpha	-4.98	0.00	-4.98
R-Squared	0.57	100.00	-99.43
Sharpe Ratio	-0.91	0.52	-1.43
Treynor Ratio	55.69	1.99	53.70
Tracking Error	6.83	0.00	6.83
Information Ratio	-1.05		

5 Yr	Fund	Policy	Diff
Negative Periods	10.00	8.00	2.00
Positive Periods	10.00	12.00	-2.00
Batting Average	60.00	40.00	20.00
Worst Qtr	-6.79	-2.44	-4.35
Best Qtr	3.91	4.57	-0.67
Range	10.70	7.01	3.69
Worst 4 Qtrs	-13.06	-0.81	-12.26
Standard Deviation	5.28	3.85	1.43
Beta	0.30	1.00	-0.70
Alpha	-2.76	0.00	-2.76
R-Squared	5.59	100.00	-94.41
Sharpe Ratio	-0.46	0.42	-0.88
Treynor Ratio	-8.29	1.60	-9.88
Tracking Error	5.59	0.00	5.59
Information Ratio	-0.71		

7 Yr	Fund	Policy	Diff
Negative Periods	10.00	9.00	1.00
Positive Periods	18.00	19.00	-1.00
Batting Average	67.86	32.14	35.71
Worst Qtr	-6.79	-2.44	-4.35
Best Qtr	4.57	4.59	-0.02
Range	11.36	7.02	4.33
Worst 4 Qtrs	-13.06	-0.81	-12.26
Standard Deviation	5.02	3.72	1.30
Beta	0.53	1.00	-0.47
Alpha	-1.23	0.00	-1.23
R-Squared	17.65	100.00	-82.35
Sharpe Ratio	0.03	0.76	-0.73
Treynor Ratio	0.27	2.81	-2.54
Tracking Error	4.83	0.00	4.83
Information Ratio	-0.54		

Incept	Fund	Policy	Diff
Negative Periods	13.00	14.00	-1.00
Positive Periods	43.00	42.00	1.00
Batting Average	75.00	25.00	50.00
Worst Qtr	-6.79	-2.44	-4.35
Best Qtr	6.51	6.09	0.42
Range	13.30	8.53	4.77
Worst 4 Qtrs	-13.06	-0.83	-12.23
Standard Deviation	4.77	3.90	0.87
Beta	0.76	1.00	-0.24
Alpha	-0.01	0.00	-0.01
R-Squared	42.84	100.00	-57.16
Sharpe Ratio	0.48	0.80	-0.31
Treynor Ratio	3.01	3.11	-0.09
Tracking Error	3.52	0.00	3.52
Information Ratio	-0.23		

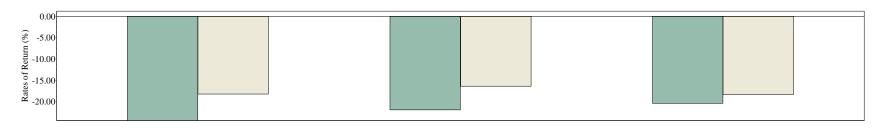


COMPOSITE TOTAL FUND PERFORMANCE IN RISING AND DECLINING MARKETS

Performance in Rising Markets



	3 Yr	5 Yr	Inception
TOTAL FUND	15.74	12.66	14.95
POLICY INDEX	14.77	11.95	15.34
Difference	0.98	0.72	-0.39
Ratio	1.07	1.06	0.97
Up Periods	6	13	18

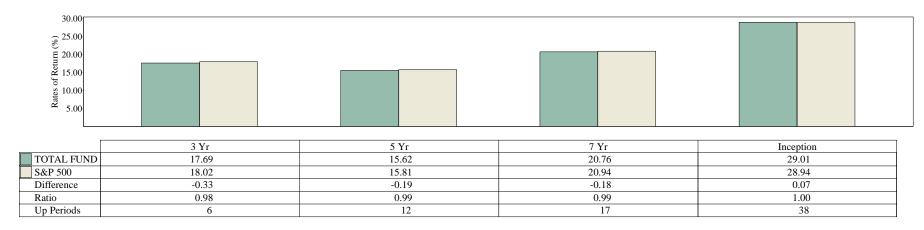


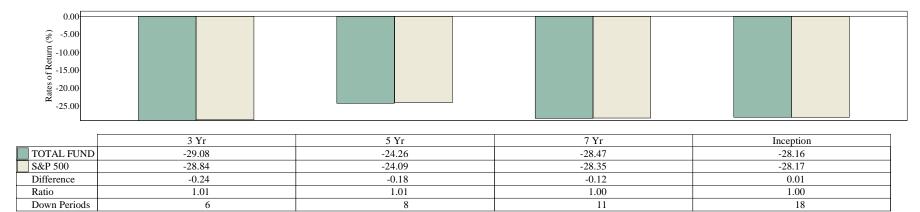
	3 Yr	5 Yr	Inception
TOTAL FUND	-24.48	-21.98	-20.42
POLICY INDEX	-18.20	-16.42	-18.37
Difference	-6.27	-5.55	-2.05
Ratio	1.34	1.34	1.11
Down Periods	6	7	10



PRINCIPAL LARGE CAP STOCK INDEX TOTAL FUND PERFORMANCE IN RISING AND DECLINING MARKETS

Performance in Rising Markets

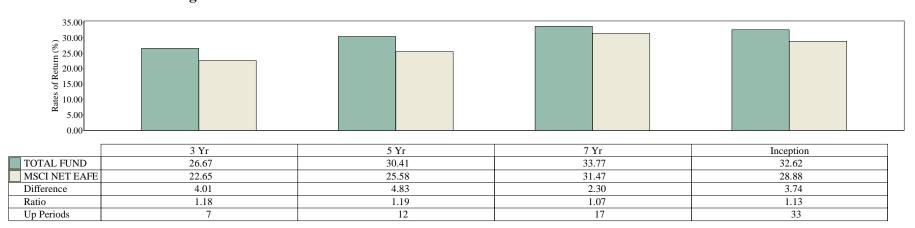






PRINCIPAL INTERNATIONAL STOCK TOTAL FUND PERFORMANCE IN RISING AND DECLINING MARKETS

Performance in Rising Markets







PRINCIPAL BOND AND MORTGAGE TOTAL FUND PERFORMANCE IN RISING AND DECLINING MARKETS

Performance in Rising Markets







COMPOSITE TOTAL FUND TIME WEIGHTED RATES OF RETURN

	ACCOUNT							POLICY INDEX				
		SEMI				SINCE				SEMI		SINCE
DATE	QUARTERI	LY	ANNUALLY	Y	ANNUALI	LY	12/2001		QUARTERLY	ANNUALLY	ANNUALLY	12/2001
03/2002	0.28						0.28		0.32			0.32
06/2002	-3.50	*	-3.23	*			-3.23	*	-5.91	-5.61		-5.61
09/2002	-7.84	*					-10.82	*	-10.32			-15.36
12/2002	5.39		-2.87	*	-6.01	*	-6.01	*	5.88	-5.05	-10.38	-10.38
03/2003	-1.93	*					-6.31	*	-2.34			-10.11
06/2003	10.03		7.91				0.95	*	11.35	8.74		-1.70
09/2003	1.36						1.59	*	2.51			-0.06
12/2003	7.79		9.26		17.89		5.27	*	8.65	11.38	21.12	4.19
03/2004	2.56	*					5.85	*	2.43			4.83
06/2004	-0.23		2.32				5.15	*	0.03	2.46		4.34
09/2004	0.45	*					4.84	*	0.14			3.99
12/2004	6.74		7.22		9.71		6.73	*	7.18	7.33	9.97	6.08
03/2005	-1.31						5.76	*	-1.25			5.19
06/2005	1.99	*	0.65	*			5.94	*	1.60	0.33		5.29
09/2005	3.53	*					6.51	*	3.11			5.79
12/2005	2.14	*	5.74	*	6.43	*	6.65	*	1.88	5.05	5.40	5.91
03/2006	3.59	*					7.14	*	3.26			6.35
06/2006	-0.88		2.67	*			6.52	*	-0.62	2.62		5.84
09/2006	4.64						7.18	*	4.76			6.56
12/2006	5.79	*	10.69	*	13.65	*	8.02	*	5.30	10.31	13.20	7.33
03/2007	1.36						7.90	*	1.47			7.27
06/2007	4.65	*	6.07	*			8.42	*	3.90	5.43		7.67
09/2007	2.38	*					8.48	*	2.37			7.76
12/2007	-1.90		0.43		6.52		7.77	*	-0.87	1.48	6.99	7.27



COMPOSITE TOTAL FUND TIME WEIGHTED RATES OF RETURN

	ACCOUNT					POLICY INDEX				
		SINCE			SINCE					
DATE	QUARTERLY	ANNUALLY	ANNUALLY	12/2001		QUARTERLY	ANNUALLY	ANNUALLY	12/2001	
03/2008	-8.45			5.94		-5.35			6.04	
06/2008	-1.35	-9.69		5.48		-1.08	-6.37		5.62	
09/2008	-8.99			3.82		-6.71			4.33	
12/2008	-17.87	-25.25	-32.50	0.80		-14.03	-19.80	-24.90	1.94	

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

03/31/2008 - PRESENT

25% BARCLAYS CAPITAL AGGREGATE BOND

25% S&P 500

20% MSCI NET EAFE

15% NCREIF ODCE (EQUAL WEIGHT)

15% RUSSELL 2000

12/31/1978 - 03/31/2008

50% S&P 500

35% BARCLAYS CAPITAL AGGREGATE BOND

15% MSCI NET EAFE



PRINCIPAL LARGE CAP STOCK INDEX TOTAL FUND TIME WEIGHTED RATES OF RETURN

				AC	COUNT				S&P 500				
			SEMI				SINCE	•	SEMI SINCE				
DATE	QUARTERI	LY	ANNUALL	Y	ANNUALI	LY	12/1994		QUARTERLY	ANNUALLY	ANNUALLY	12/1994	
03/1995	9.80	*					9.80	*	9.74			9.74	
06/1995	9.62	*	20.36	*			20.36	*	9.55	20.21		20.21	
09/1995	8.01	*					30.00	*	7.95			29.77	
12/1995	6.11	*	14.61	*	37.95	*	37.95	*	6.02	14.45	37.58	37.58	
03/1996	5.40	*					34.91	*	5.37			34.59	
06/1996	4.58	*	10.23	*			32.23	*	4.49	10.10		31.89	
09/1996	3.17	*					29.34	*	3.09			29.00	
12/1996	8.42	*	11.86	*	23.30	*	30.42	*	8.34	11.68	22.96	30.06	
03/1997	2.77	*					28.17	*	2.68			27.81	
06/1997	17.49	*	20.74	*			33.36	*	17.46	20.61		33.01	
09/1997	7.58	*					33.41	*	7.49			33.05	
12/1997	2.96	*	10.76	*	33.74	*	31.52	*	2.87	10.58	33.36	31.15	
03/1998	14.01	*					34.07	*	13.95			33.71	
06/1998	3.37	*	17.85	*			32.54	*	3.31	17.72		32.19	
09/1998	-9.83	*					26.54	*	-9.95			26.18	
12/1998	21.37	*	9.44	*	28.98	*	30.88	*	21.30	9.23	28.58	30.51	
03/1999	5.04	*					30.32	*	4.98			29.96	
06/1999	7.12	*	12.52	*			30.39	*	7.05	12.38		30.03	
09/1999	-6.15	*					26.88	*	-6.25			26.52	
12/1999	14.97	*	7.90	*	21.41	*	28.93	*	14.88	7.70	21.04	28.56	
03/2000	2.34	*					27.94	*	2.29			27.58	
06/2000	-2.58	*	-0.30	*			25.91	*	-2.66	-0.42		25.56	
09/2000	-0.92	*					24.46	*	-0.97			24.11	
12/2000	-7.71	*	-8.56	*	-8.83	*	21.69	*	-7.83	-8.72	-9.11	21.34	
03/2001	-11.90						18.31	*	-11.86			18.00	
06/2001	5.73		-6.85				18.56	*	5.86	-6.69		18.28	
09/2001	-14.59	*					15.10	*	-14.68			14.81	



PRINCIPAL LARGE CAP STOCK INDEX TOTAL FUND TIME WEIGHTED RATES OF RETURN

	ACCOUNT								S&P 500			
			SEMI			SII	NCE	•		SEMI		
DATE	QUARTERL'	Y	ANNUALLY	Y	ANNUALLY	12/	1994		QUARTERLY	ANNUALLY	ANNUALLY	12/1994
12/2001	10.74	*	-5.42	*	-11.90	16	5.20	*	10.69	-5.56	-11.88	15.92
03/2002	0.25					15	5.64	*	0.27			15.37
06/2002	-13.39	*	-13.17			12	2.90	*	-13.40	-13.16		12.64
09/2002	-17.27	*				9	.74	*	-17.28			9.50
12/2002	8.42		-10.30		-22.12	10).53	*	8.43	-10.30	-22.11	10.30
03/2003	-3.16					9	.77	*	-3.15			9.55
06/2003	15.36		11.71			11	.33	*	15.40	11.77		11.11
09/2003	2.63					11	.31	*	2.64			11.11
12/2003	12.10		15.05		28.53	12	2.40	*	12.18	15.14	28.69	12.21
03/2004	1.67					12	2.25	*	1.70			12.06
06/2004	1.72	*	3.42			12	2.11	*	1.71	3.44		11.93
09/2004	-1.87	*				11	.56	*	-1.87			11.39
12/2004	9.21		7.17		10.83	12	2.24	*	9.23	7.19	10.87	12.07
03/2005	-2.12	*				11	.69	*	-2.15			11.52
06/2005	1.37	*	-0.78	*		11	.54	*	1.36	-0.82		11.38
09/2005	3.59					11	.63	*	3.61			11.47
12/2005	2.08		5.74		4.92 *	11	.56	*	2.09	5.77	4.90	11.40
03/2006	4.11					11	.69	*	4.21			11.54
06/2006	-1.50		2.55			11	.27	*	-1.44	2.71		11.14
09/2006	5.60					11	.53	*	5.67			11.41
12/2006	6.60		12.57		15.44	11	.87	*	6.70	12.74	15.80	11.76
03/2007	0.61					11	.67	*	0.64			11.56
06/2007	6.20		6.84			11	.97	*	6.28	6.96		11.86
09/2007	1.96					11	.89	*	2.03			11.79
12/2007	-3.43		-1.53		5.21	11	.35	*	-3.33	-1.37	5.49	11.26



PRINCIPAL LARGE CAP STOCK INDEX TOTAL FUND TIME WEIGHTED RATES OF RETURN

		AC	COUNT		S&P 500				
		SEMI		SINCE			SEMI		SINCE
DATE	QUARTERLY	ANNUALLY	ANNUALLY	12/1994		QUARTERLY	ANNUALLY	ANNUALLY	12/1994
03/2008	-9.62			10.28	*	-9.45			10.21
06/2008	-2.66 *	-12.02		9.86	*	-2.73	-11.91		9.79
09/2008	-8.37 *			8.97	*	-8.37			8.91
12/2008	-22.12	-28.64	-37.22	6.88	*	-21.94	-28.48	-37.00	6.84

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

12/31/1994 - PRESENT 100% S&P 500



MANNING AND NAPIER TOTAL FUND TIME WEIGHTED RATES OF RETURN

		AC	COUNT		RUSSELL 2000				
		SEMI		SINCE		SEMI		SINCE	
DATE	QUARTERLY	ANNUALLY	ANNUALLY	02/2008	QUARTERLY	ANNUALLY	ANNUALLY	02/2008	
06/2008	-7.46				0.58			1.00	
09/2008	-7.04				-1.11			-0.12	
12/2008	-32.79	-37.52			-26.12	-26.94		-26.21	

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

2/1/2008 - PRESENT 100% RUSSELL 2000



PRINCIPAL INTERNATIONAL STOCK TOTAL FUND TIME WEIGHTED RATES OF RETURN

			A	C	COUNT				MSCI NET EAFE			
			SEMI				SINCE				SINCE	
DATE	QUARTERI	LΥ	ANNUALLY	Y	ANNUALL	Y	12/1994		QUARTERLY	ANNUALLY	ANNUALLY	12/1994
03/1995	-0.66						-0.66		1.87			1.87
06/1995	9.50	*	8.78	*			8.78	*	0.73	2.61		2.61
09/1995	5.14	*					14.37	*	4.18			6.90
12/1995	1.88		7.12		16.52	*	16.52	*	4.05	8.39	11.22	11.22
03/1996	8.60	*					20.72	*	2.89			11.39
06/1996	4.19	*	13.15	*			20.24	*	1.59	4.52		10.56
09/1996	3.20	*					19.24	*	-0.12			8.91
12/1996	8.40	*	11.87	*	26.58	*	21.45	*	1.59	1.47	6.06	8.61
03/1997	3.66	*					20.77	*	-1.56			6.87
06/1997	10.83		14.89	*			23.48	*	12.97	11.21		11.47
09/1997	5.70	*					23.61	*	-0.70			10.09
12/1997	-5.72	*	-0.35	*	14.49	*	19.08	*	-7.84	-8.48	1.77	6.28
03/1998	15.53	*					22.83	*	14.71			10.35
06/1998	-0.26		15.23				20.95	*	1.07	15.94		9.91
09/1998	-17.09						13.60	*	-14.22			4.84
12/1998	17.71		-2.41		12.46		17.39	*	20.65	3.49	19.99	9.55
03/1999	3.22	*					17.16	*	1.39			9.32
06/1999	2.95	*	6.26	*			16.88	*	2.54	3.96		9.39
09/1999	2.66						16.57	*	4.39			9.86
12/1999	16.21		19.30		26.78		19.21	*	16.99	22.13	26.97	12.83
03/2000	3.60	*					19.01	*	-0.10			12.16
06/2000	-1.33	*	2.22	*			17.79	*	-3.96	-4.06		10.76
09/2000	-9.24						15.00	*	-8.06			8.67
12/2000	0.83	*	-8.49	*	-6.45	*	14.49	*	-2.69	-10.53	-14.16	7.81
03/2001	3.60	*					14.52	*	-13.71			4.98
06/2001	-0.75	*	2.82	*			13.79	*	-1.05	-14.61		4.61
09/2001	-15.01						10.55	*	-14.00			2.13



PRINCIPAL INTERNATIONAL STOCK TOTAL FUND TIME WEIGHTED RATES OF RETURN

			A	CC	COUNT				MSCI NET EAFE			
	-		SEMI				SINCE			SEMI		
DATE	QUARTERI	LY	ANNUALLY	ľ	ANNUALL	Y	12/1994		QUARTERLY	ANNUALLY	ANNUALLY	12/1994
12/2001	9.47	*	-6.96	*	-4.33	*	11.59	*	6.98	-7.99	-21.44	3.04
03/2002	-0.48						11.09	*	0.51			3.01
06/2002	-1.43	*	-1.90				10.49	*	-2.12	-1.62		2.61
09/2002	-18.28	*					7.31	*	-19.73			-0.34
12/2002	6.47	*	-12.99	*	-14.65	*	7.91	*	6.45	-14.56	-15.94	0.45
03/2003	-7.88	*					6.60	*	-8.20			-0.60
06/2003	17.86		8.57				8.47	*	19.27	9.49		1.50
09/2003	5.62						8.90	*	8.12			2.37
12/2003	17.72	*	24.34		34.99		10.63	*	17.08	26.59	38.60	4.11
03/2004	4.24						10.82	*	4.34			4.48
06/2004	-0.77		3.44				10.44	*	0.22	4.56		4.38
09/2004	1.89	*					10.37	*	-0.28			4.23
12/2004	15.94	*	18.13	*	22.19	*	11.74	*	15.32	15.00	20.24	5.62
03/2005	0.90	*					11.53	*	-0.17			5.46
06/2005	1.62	*	2.53	*			11.41	*	-1.01	-1.17		5.23
09/2005	15.34	*					12.62	*	10.38			6.07
12/2005	6.01	*	22.27	*	25.37	*	12.91	*	4.08	14.88	13.54	6.32
03/2006	11.91	*					13.74	*	9.40			7.02
06/2006	-0.08		11.81	*			13.41	*	0.70	10.16		6.93
09/2006	2.63						13.36	*	3.93			7.13
12/2006	11.51	*	14.44		27.96	*	14.09	*	10.35	14.69	26.34	7.86
03/2007	3.61						14.12	*	4.08			8.04
06/2007	8.88	*	12.81	*			14.59	*	6.40	10.74		8.41
09/2007	4.77	*					14.71	*	2.18			8.42
12/2007	-1.49	*	3.21	*	16.43	*	14.27	*	-1.75	0.39	11.17	8.11



PRINCIPAL INTERNATIONAL STOCK TOTAL FUND TIME WEIGHTED RATES OF RETURN

		A	CCOUNT		MSCI NET EAFE				
		SEMI		SINCE			SEMI		SINCE
DATE	QUARTERLY	ANNUALLY	ANNUALLY	12/1994		QUARTERLY	ANNUALLY	ANNUALLY	12/1994
03/2008	-10.03			13.08	*	-8.91			7.19
06/2008	1.65 *	-8.55	*	12.96	*	-2.25	-10.96		6.87
09/2008	-24.11			10.47	*	-20.56			4.97
12/2008	-22.05	-40.84	-45.90	8.33	*	-19.95	-36.41	-43.38	3.23

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

12/31/1994 - PRESENT 100% MSCI NET EAFE



PRINCIPAL BOND AND MORTGAGE TOTAL FUND TIME WEIGHTED RATES OF RETURN

	ACCOUNT									BARCLAYS AGG BOND			
			SEMI				SINCE		SEMI SINCE			SINCE	
DATE	QUARTER	LY	ANNUALL	Y	ANNUALI	_Y	12/1994		QUARTERLY	ANNUALLY	ANNUALLY	12/1994	
03/1995	5.28	*					5.28	*	5.04			5.04	
06/1995	6.51	*	12.13	*			12.13	*	6.09	11.44		11.44	
09/1995	2.05	*					14.43	*	1.96			13.63	
12/1995	4.65	*	6.80	*	19.75	*	19.75	*	4.26	6.31	18.47	18.47	
03/1996	-1.26	*					14.35	*	-1.77			12.89	
06/1996	0.66	*	-0.61	*			12.31	*	0.57	-1.21		11.06	
09/1996	2.34	*					11.93	*	1.85			10.55	
12/1996	3.37	*	5.79	*	5.15	*	12.21	*	3.00	4.90	3.63	10.80	
03/1997	0.07	*					10.82	*	-0.56			9.27	
06/1997	4.35	*	4.42	*			11.57	*	3.68	3.10		9.89	
09/1997	3.69	*					11.93	*	3.33			10.26	
12/1997	2.92		6.72	*	11.44	*	11.95	*	2.95	6.38	9.68	10.43	
03/1998	1.96	*					11.65	*	1.54			10.10	
06/1998	2.52	*	4.53	*			11.57	*	2.34	3.92		10.07	
09/1998	3.83						11.87	*	4.23			10.59	
12/1998	0.64	*	4.49		9.23	*	11.27	*	0.34	4.58	8.67	9.99	
03/1999	0.39	*					10.67	*	-0.51			9.24	
06/1999	-0.89		-0.50	*			9.83	*	-0.88	-1.38		8.49	
09/1999	1.07	*					9.53	*	0.68			8.18	
12/1999	0.04	*	1.11	*	0.60	*	9.05	*	-0.12	0.56	-0.83	7.73	
03/2000	2.64	*					9.14	*	2.21			7.80	
06/2000	1.82	*	4.51	*			9.06	*	1.73	3.98		7.77	
09/2000	3.43	*					9.29	*	3.02			7.97	
12/2000	4.62	*	8.21	*	13.09	*	9.71	*	4.21	7.36	11.63	8.37	
03/2001	2.64						9.76	*	3.03			8.54	
06/2001	0.91	*	3.57				9.52	*	0.56	3.60		8.29	
09/2001	4.74	*					9.90	*	4.62			8.70	



PRINCIPAL BOND AND MORTGAGE TOTAL FUND TIME WEIGHTED RATES OF RETURN

	ACCOUNT								BARCLAYS AGG BOND			
	-		SEMI				SINCE SEMI					SINCE
DATE	QUARTERI	LY	ANNUALL'	Y	ANNUALL	Y	12/1994		QUARTERLY	ANNUALLY	ANNUALLY	12/1994
12/2001	-0.09		4.65		8.39		9.52	*	0.04	4.65	8.42	8.38
03/2002	0.17	*					9.20	*	0.10			8.09
06/2002	3.76	*	3.94	*			9.42	*	3.70	3.80		8.34
09/2002	4.57						9.73	*	4.59			8.69
12/2002	1.67	*	6.32	*	10.50	*	9.64	*	1.57	6.23	10.27	8.61
03/2003	1.72	*					9.56	*	1.39			8.52
06/2003	2.92	*	4.69	*			9.64	*	2.50	3.92		8.58
09/2003	0.06	*					9.36	*	-0.14			8.30
12/2003	0.96	*	1.02	*	5.76	*	9.20	*	0.32	0.18	4.11	8.10
03/2004	2.95	*					9.29	*	2.65			8.18
06/2004	-2.12	*	0.77	*			8.79	*	-2.44	0.15		7.68
09/2004	3.42	*					8.93	*	3.20			7.82
12/2004	1.33	*	4.80	*	5.60	*	8.84	*	0.95	4.18	4.34	7.72
03/2005	-0.36	*					8.57	*	-0.48			7.48
06/2005	2.96		2.59	*			8.66	*	3.01	2.52		7.60
09/2005	-0.16	*					8.44	*	-0.68			7.34
12/2005	0.80	*	0.64	*	3.24	*	8.32	*	0.59	-0.09	2.43	7.23
03/2006	-0.48	*					8.08	*	-0.64			7.00
06/2006	-0.19		-0.67	*			7.88	*	-0.08	-0.72		6.84
09/2006	3.91	*					8.06	*	3.81			7.03
12/2006	1.53	*	5.50	*	4.79	*	8.02	*	1.24	5.09	4.33	6.98
03/2007	1.62	*					7.99	*	1.50			6.97
06/2007	-0.86		0.74				7.75	*	-0.52	0.97		6.78
09/2007	1.79						7.74	*	2.85			6.88
12/2007	1.20		3.01		3.77		7.69	*	3.00	5.94	6.96	6.98



PRINCIPAL BOND AND MORTGAGE TOTAL FUND TIME WEIGHTED RATES OF RETURN

		AC	COUNT		BARCLAYS AGG BOND				
		SEMI		SINCE			SEMI		
DATE	QUARTERLY	ANNUALLY	ANNUALLY	12/1994		QUARTERLY	ANNUALLY	ANNUALLY	12/1994
03/2008	-1.75			7.39	*	2.17			7.02
06/2008	-0.43	-2.17		7.22	*	-1.02	1.13		6.80
09/2008	-4.66			6.71	*	-0.48			6.64
12/2008	-6.79	-11.13	-13.06	6.05		4.57	4.07	5.24	6.86

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

12/31/1994 - PRESENT

100% BARCLAYS CAPITAL AGGREGATE BOND



PRUDENTIAL TOTAL FUND TIME WEIGHTED RATES OF RETURN

	ACCOU	UNT	NCREIF ODCE (EW)			
	SEMI	SINCE	SINCE SEMI			
DATE	QUARTERLY ANNUALLY AN	NNUALLY 03/2008	QUARTERLY	ANNUALLY ANNUALLY	03/2008	
06/2008	0.66 *	0.66 *	0.65		0.65	
09/2008	0.40 *	1.06 *	-0.47		0.18	
12/2008	-14.47 -14.13	-13.57	-11.64	-12.06	-11.48	

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

3/31/2008 - PRESENT

100% NCREIF ODCE (EQUAL WEIGHT)



COMPOSITE RISK MEASURES REPORT EXPLANATION

The evaluation of a fund's performance should extend beyond return to encompass measures of risk. The following page is used to determine the level of risk to which the fund has been exposed, and whether the return has been commensurate with the risk taken. All measures are calculated for both the fund and the policy as well as the difference between the two. Up to four time periods are evaluated depending on the age of the fund.

Of Negative Qtrs/# Of Positive Qtrs: Number of negative quarters shows the number of quarters in which the return was less than zero, and the number of positive quarters is the number of quarterly returns which were greater or equal to zero.

Batting Average: The batting average is a measure of consistency. It shows the percent of the quarters the fund has beaten the policy and the percent of the quarters the policy has beat the fund. A high average for the fund (e.g. over 50) is desirable, indicating the fund has beaten the policy frequently.

Worst Quarter/Best Quarter/Range: The worst quarter is the lowest quarterly return experienced during the period, a measure of downside risk. The best quarter is the highest quarterly return, and the range is the difference of the high and low, and indicates dispersion.

Worst 4 Quarters: The four consecutive quarters during which the portfolio realized its worst cumulative performance since its inception.

Standard Deviation: Standard deviation measures the total volatility of the fund, by measuring dispersion. Higher standard deviation indicates higher risk. If the quarterly or monthly returns are all the same the standard deviation will be zero. The more they vary from one another, the higher the standard deviation. Thus, it measures uncertainty, which is a measure of risk.

Alpha/Beta/R-Squared: If the policy is appropriate, then the alpha should be positive, the beta close to one, and the r-squared should be high. Beta measures risk relative to the policy. A beta of 1 suggests risk equivalent to the policy. Higher betas indicate higher relative risk. A beta of 1.2 indicates 20% more risk than the policy. The alpha measures the return adjusting for beta. The higher the alpha, the better. R-squared measures the relationship between the policy and the fund. A high r-squared means the returns of the fund can largely be explained by movements of the policy. The higher the r-squared, the more reliable the alpha and the beta. R-squared may range from 0 to 100. Beta, alpha and r-squared are derived from regression analysis using the fund and policy returns as the dependent and independent variables respectively. Roughly, one would expect the fund's performance to equal the return of the policy multiplied by the beta plus the alpha.

Sharpe Ratio/Treynor Ratio: The Sharpe and Treynor ratios are similar. The Sharpe ratio is the excess return per unit of total risk as measured by standard deviation. The Treynor ratio is the excess return per unit of market risk as measured by beta. Both of these should be compared against the corresponding value for the policy. Higher numbers are better, indicating more return for the level of risk that was experienced.

Tracking Error/Information Ratio: Tracking error is the standard deviation of the portfolio's residual (i.e., excess) returns. The lower the tracking error, the closer the portfolio returns have been to its risk index. Aggressively managed portfolios would be expected to have higher tracking errors than portfolios with a more conservative investment style. The information ratio is equal to the annualized excess return of the portfolio divided by the standard deviation of its annualized excess returns (i.e., the tracking error). The statistic can be used to compare added value of more than one portfolio – a low relative return and low tracking risk portfolio can have the same value added as a portfolio with high relative return and high tracking risk. The information ratio is a measure of the efficiency with which the excess returns have been generated. Since the information ratio is a determination of the value added vis-à-vis the risk benchmark, the higher the ratio, the better.